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FOREIGN DIRECT INVESTMENT AS SOURCE OF DEVELOPMENT FINANCE FOR AFRICA

- Focus on Southern Africa -

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INTRODUCTION

1. The gap between the investment needs of African countries and the availability of financial resources has been widening as a result of multiple economic setbacks during the last few years. Against a background of increasingly unfavourable terms of trade facing exporters of primary commodities, the international debt crises of early 1980s has been the culmination of overleveraged external capitalization to cover the short fall in required financing. In the light of current disproportion between debt and equity in external financing, developing countries are mater-of-factly advised to replace one with the other, as if the two are simple substitutes. Among other factors, recent declining trends in foreign direct investment flows to developing countries are attributed lack of investor confidence engendered by credit default. Before the present of rate of trickle in foreign direct investment to Africa grows to a steady flow, fundamental changes in existing economic and institutional arrangements--at national, international, regional, sub-regional levels--must take place as articulated in the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (**AAF-SAP**) and in which stepped up mobilization of foreign direct investment among financial sources required for the implementation of the adjustment programme with corresponding transformation is a apportioned only a supplementary role.

2. Some elements of prescribed remedies for redressing the economic plight of developing countries through external financial adjustment include outright debt relief, debt-equity swap, and a more important role for foreign direct investment. Parallel with these developments, a significant development during the last decade has been a changing attitude towards foreign direct investment in the direction of positive perception. In contrast with the stereotype exploitative image of the past, there is growing consensus in recognizing the potential contributions of foreign investment to economic development and the legitimacy of profits accruing abroad. These undercurrents are evident from increasing trends towards conducive investment climate through more liberal policy governing the conduct of foreign investments.

3. The enactment of liberal legislation on foreign investment is the easy part of the task in persuading prospective investors. The difficult part lies in the creation of a sound investment environment with long term potentials for relatively higher return and lower risk on invested capital. In the light of declining trends in foreign investment going to developing countries in general, and African in particular during the last decade, the response of external investors to the overtures has been very disappointing.

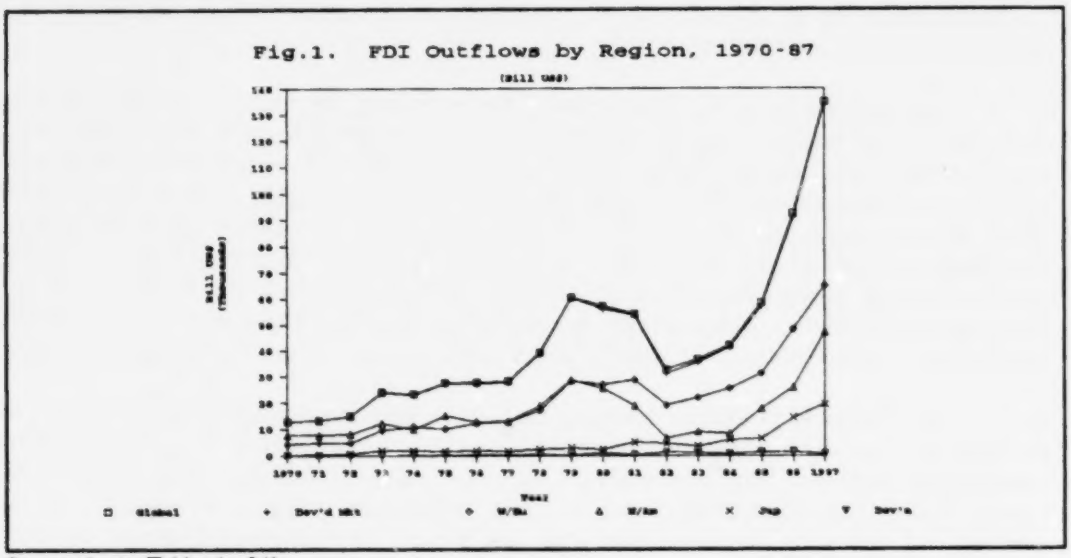
4. This study addresses trends and prospects of foreign direct investments as a source of development finance for Africa with particular reference to selected countries from southern Africa. The paper is organized into a summary of the highlights and two chapters. In the first chapter, trends in foreign direct investment flows are reviewed in terms of their spatial and temporal trends at global, regional, and sub-regional levels during the last two decades. The first part of the second chapter briefly reviews the general economic background and trends of foreign direct investments with reference to Botswana, Lesotho, Malawi, Swaziland, Zambia, and Zimbabwe. The last part of the chapter presents a close up profile of foreign direct investments in Botswana and Lesotho.

I. TRENDS IN FOREIGN DIRECT INVESTMENT

5. In this chapter, general trends in the flow of foreign direct investment during the last two decades will be briefly reviewed in terms of their temporal and spatial dimensions at global, regional, and sub-regional levels with special focus on Africa-- notably, southern Africa[1].

A. Developed Market Economies

6. During a period of nearly two decades from 1970 to 1987, annual outflows of foreign direct investment (Fig. 1) averaged over 43 billion US dollars globally, increasing more than ten fold at an average annual growth of rate of 15 percent from under 13 billion US dollars in 1970 to 135 billion US dollars in 1987. Apart from an interval of decline and general slow down during the first half of 1980s, emanating from a period of global recession, annual FDI outflows increased steadily in 1970s--albeit at a higher rate in the second half than in the first--and jumped sharply during the second half of 1980s.



Source: Annex Tables 1a &1b.

7. On the side of inward direct investment (Fig.2), all host countries as a group received foreign direct investment at an average annual rate of 38.5 billion US dollars, during the same period. These inflows posted an average annual growth rate of 15 percent, increasing from just over 11 US billion dollars in 1970 to over 100 billion dollars in 1987[2]. On the average, foreign

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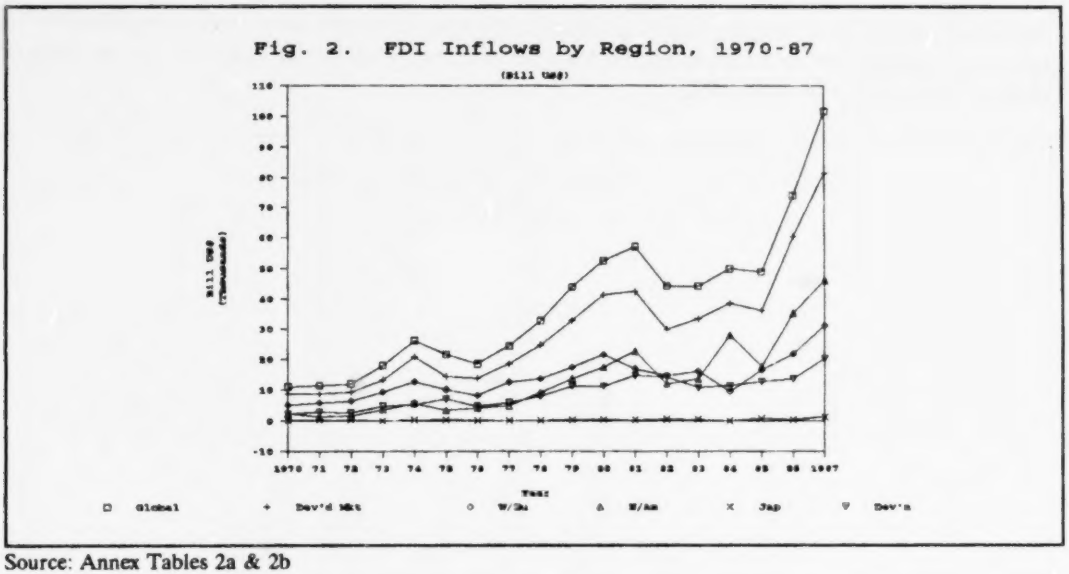
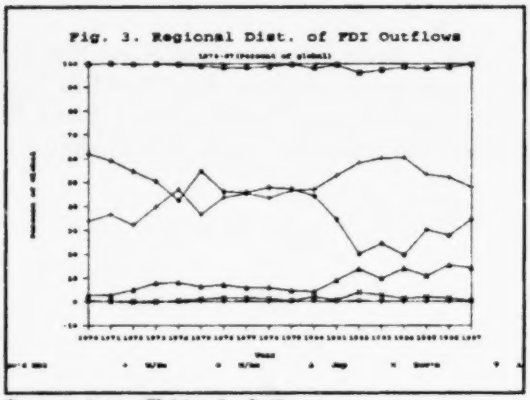
[1] The figures cited in this section are based on International Monetary Fund, Balance of Payments Tape (copy of UNCTC printout), covering the period 1970-87. The tables and graphs in this section were generated with Lotus 1-2-3 from selected data in this source.

[2] Unless stated otherwise, all references to dollars mean US dollars.

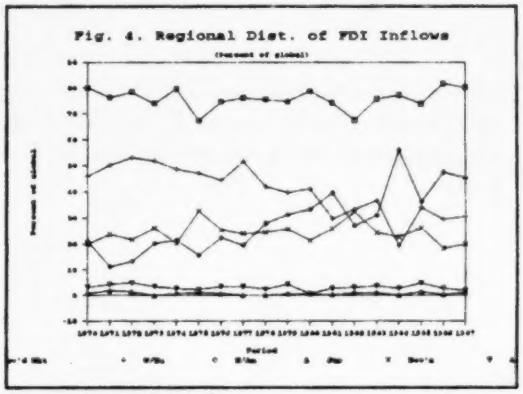


Source: Annex Tables 2a & 2b

direct investment inflows increased at a faster rate in 1970s than in 1980s. After slowing down to an average growth rate of less than 3 percent during the first half of 1980s, FDI inflows accelerated to an average growth rate of about 25 percent during the last half of 1980s.



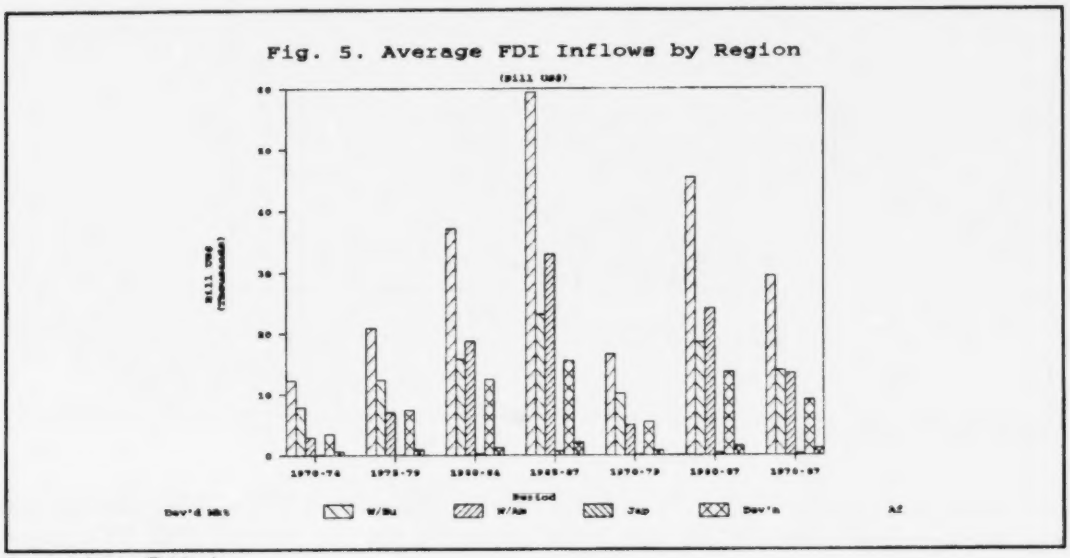
Source: Annex Tables 6a & 6b.



Source: Annex Table 7.

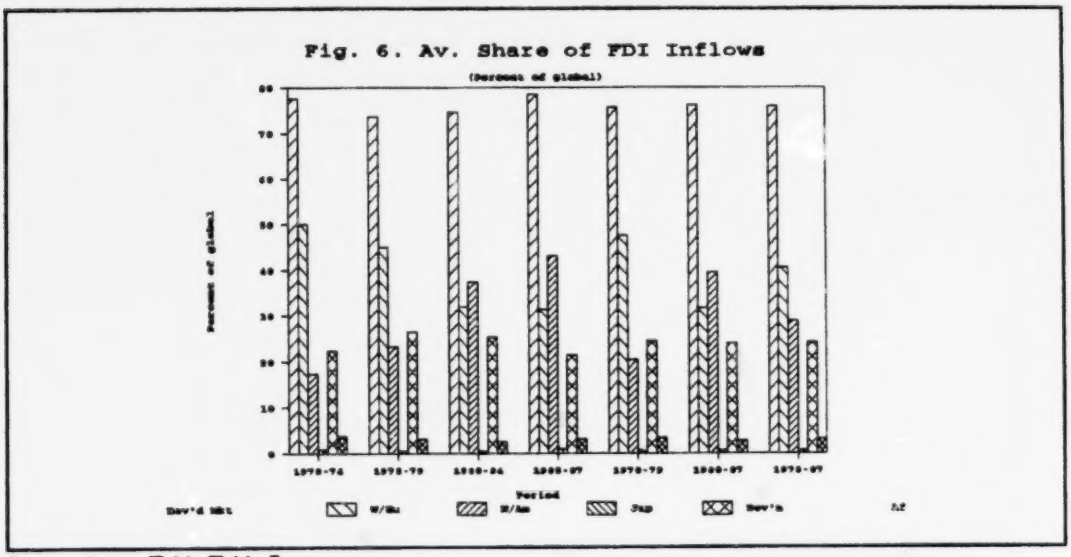
8. As juxtaposed in Figures 3 and 4, there has been a significant change in the regional distribution of foreign direct investment in both directions within developed economies, during the last two decades. The share of Western Europe in outward investments increased from an average of 40 percent in 1970s to more than 50 percent in 1980s, while that of North America declined from more than 50 percent in 1970s to less than 25 percent in 1980s. Although Japan is still a remote third behind the other two developed regions of North America and Western Europe in its contribution to foreign direct investment outflows, the country's share rose significantly from barely three percent in 1970 to 15 percent in 1987. Economic undercurrents accounting for trends in the spatial shift of distribution in outward direct within developed market economies have been amply documented elsewhere. Notable among these are policy trends towards trade protectionism--particularly in North America with a strong preference for the

import of capital over commodities--grudging Japanese response with increasing substitution of export of capital for commodities, and corporate restructuring in response to an integrated single EEC market beyond 1992.



Source: Annex Table 4.

9. With substantial cutbacks in the first half of 1980s, direct investors from North America were much more restrained, in the wake of global economic recession, than their West European and Japanese counterparts. FDI outflows from Japan exceeded those from the United States for the first time during the second half of 1980s, with outflows from W/Europe overwhelming all regions.



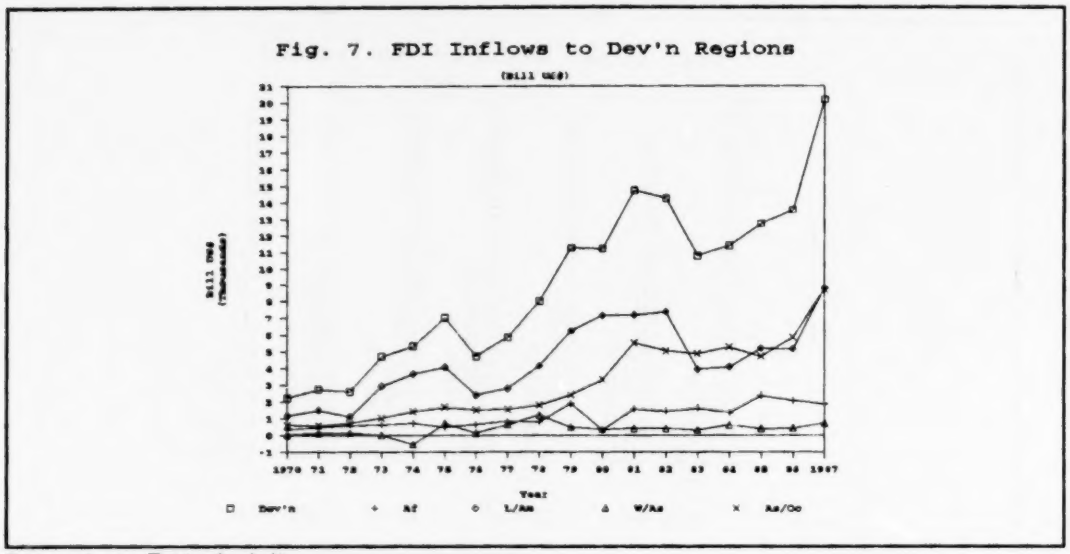
Source: Annex Table Table 7.

10. As portrayed in Figures 3 and 4, whereas developed market economies were the source for the overwhelming (99 percent) share of outward direct investment, they were also the final destination for a dominant portion (more than 75 percent) of the inward direct investments, during the period under review. The share of foreign direct investment inflows to developed market economies exceeded 80 percent towards the second half of 1980s. OECD countries absorbed foreign direct investment at average annual rate of about 30 billion dollars during 1970-87. The rate of these flows nearly tripled from an average of 16.5 billion dollars in 1970s to 46 billion dollars in 1980s, topping a level of 80 billion dollars by 1987. Whereas inward direct investment to developed market economies increased at an average annual growth rate of 15 percent over the whole period, the rise slowed down by nearly half from 24 percent during the first of 1970s to 11 percent during the second half, further decelerated to a near stagnant 3 percent during the first half of 1980s, and rebounded in the last half of 1980s to an average growth rate in par with the first half of 1970s[3].

11. Differential growth rates in FDI flows within developed market economies during the two previous decades is reflected in changes in the relative positions of Western Europe and the United States as home and host countries of foreign capital. Between 1970 and 1987, direct foreign investment entering North America increased at average annual growth rate exceeding 20 percent--a figure nearly double that of Western Europe. After a negative growth rate of 10 percent during the first half of 1980s--as a result of substantial decline in outward investment from North America in the wake of global economic recession at the time--FDI inflows to Western Europe rebounded to a growth rate of 30 percent during the second half.

12. The proportion of inward investment to North America (Fig. 6), on the average, doubled in 1980s from a level of 20 percent in the previous decade, in comparison with a decline from just under 50 percent in 1970s to less than one third in 1980s for Western Europe. Over the two

[3]Please refer to Table 5 in Annex I.



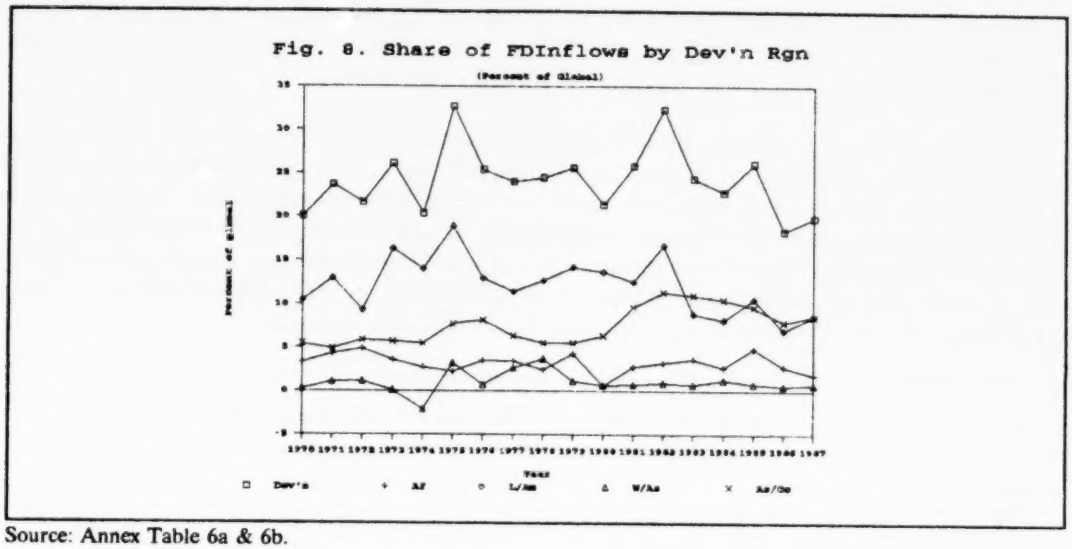
Source: Annex Tables 2a & 2b.

decades, W/Europe accounted for an average FDI inflows of just under 40 percent, versus slightly over 30 percent for North America. With a global share of less than one percent, according to figures for 1970-87, Japan figures very insignificantly as a host country to foreign direct investment.

13. Although the annual value of inward investment to developing countries increased nearly ten times in less than twenty years, from 2.2 billion dollars in 1970 to 20.2 billion dollars in 1987, the average rate of flows over the entire period was less than 10 billion dollars per year as shown in Fig 7. The average rate of growth in the flow of foreign direct investment to developing countries fell by more than half from an average of 18 percent in 1970s to 8 percent in 1980s, with virtual stagnation during the first half of 1980s.

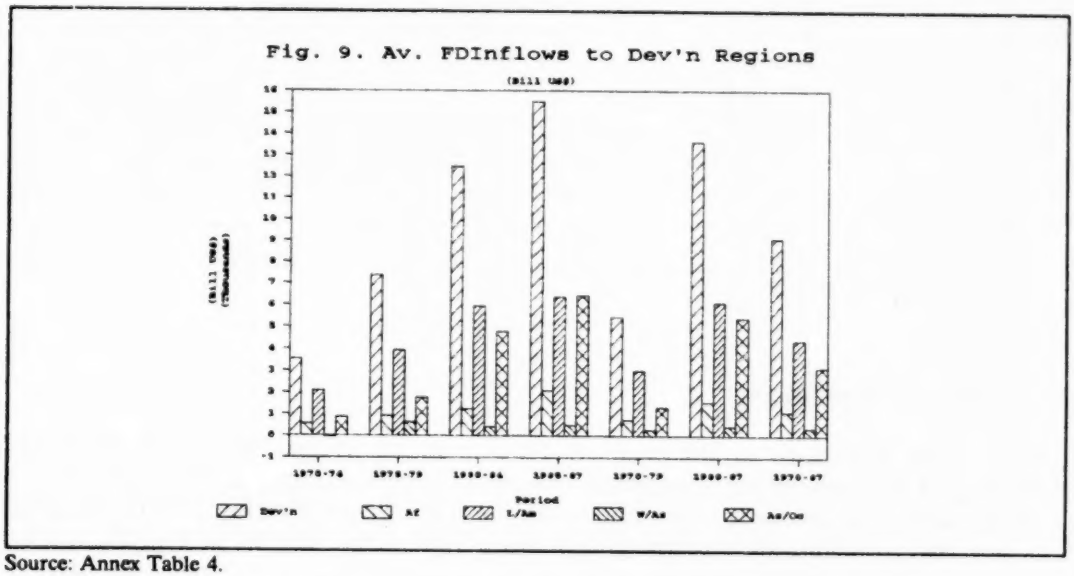
B. Developing Economies

14. The share of developing countries in the global value of inward investment fluctuated around a mean of just under one-quarter for the entire period, between one third in 1975 and 1982 and less than 20 percent towards the second half of 1980s. Whereas the proportion of foreign direct investment inflows to developing countries exceeded those destined for North America by five percentage points in 1970s, in 1980s the share of North America was one and half times those of developing countries. About half of the FDI inflows to developing countries went to Latin America during the period in question. The share of Latin America dropped ten percentage points from 55 percent to 45 percent. During the same period, the share of Asia and Oceania, exclusive of West Asia, increased 15 percentage points from 25 percent in 1970s to 40 percent in 1980s. By mid-1980s, Asia and Oceania had overtaken Latin America as the leading recipients of FDI among developing regions. In the light of general trends of redistribution in the proportion of FDI inflows from developing to developed economies, particularly in 1980s, the gain of Asia and Oceania was made, for the most part, at the expense of Latin America, given a declining share of developing countries in global FDI inflows. Whereas the share of inward direct investment to Latin America and West Asia are distinguished for wide fluctuations with downward trends, and those of Asia for upward trend with gentle slope; the share of Africa



Source: Annex Table 6a & 6b.

is characterized by a downward gradual slope.



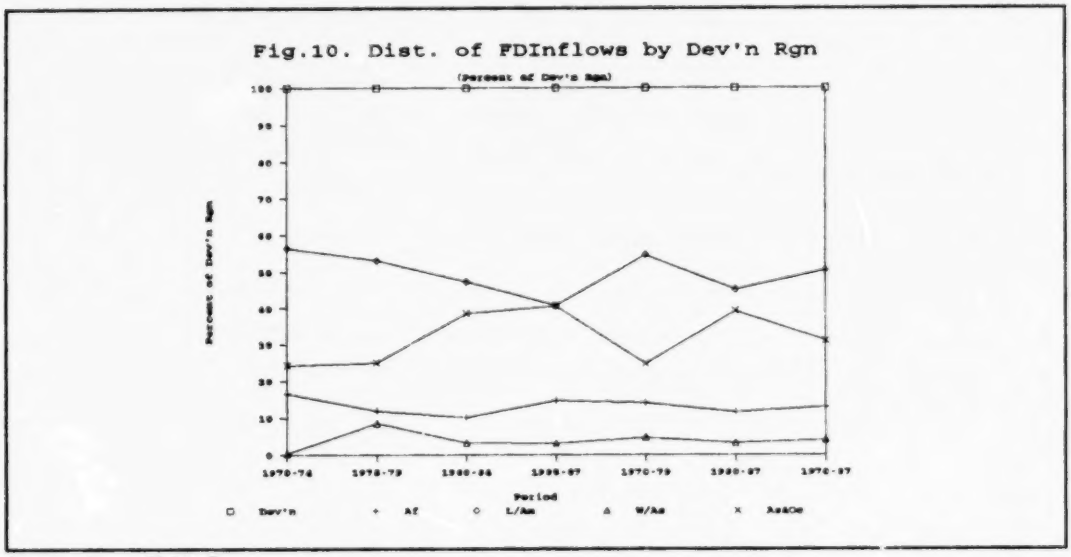
Source: Annex Table 4.

C. African Region

15. With a relative average share of barely 3 percent in inward direct investment at global level and just over 10 percent in relation to developing countries, Africa is not exactly a haven

for foreign direct ivestment, according to figures for the last two decades[4]. During the period 1970-87, even in record setting years, inflows of foreign direct investment to Africa had never exceeded 2.5 billion dollars or less than 5 percent of world total.

16. Although the annual value of FDI inflows to African countries more than doubled from an average of less than three-quarters of one billion dollars in 1970s to more than 1.5 billion dollars in 1980s, the overall average barely topped one billion dollars; and realized a growth rate lower than the global average, developed market economies, and developing countries. During the first half of 1980s, inward investment to the region declined at an average annual rate of just under 10 percent. In 1987, the share of Africa, in the global value of FDI inflows, fell below 2 percent, against just under 10 percent each for east Asia and Latin America.



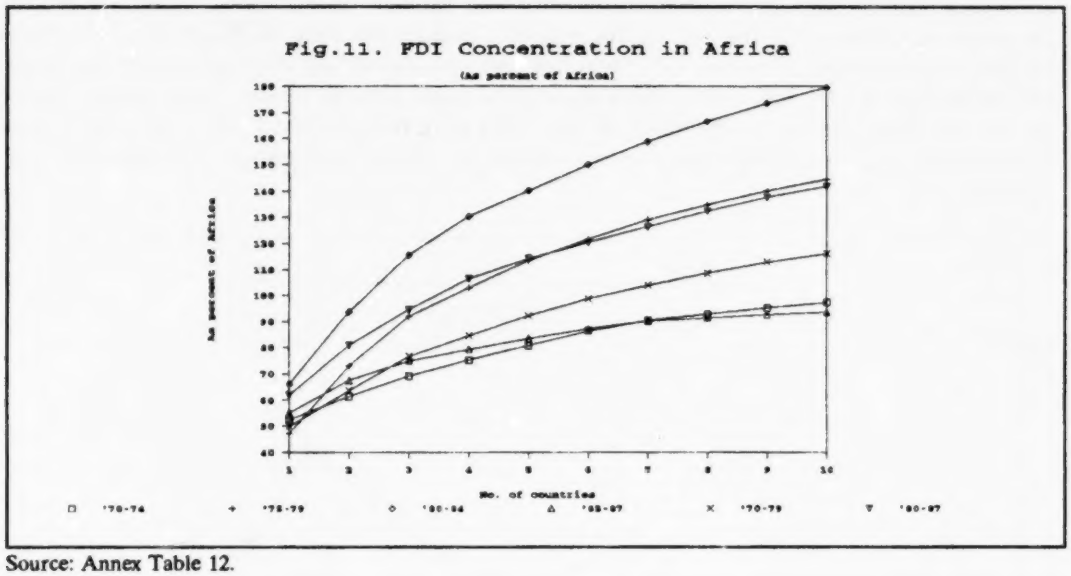
Source: Annex Table 7.

1. Level of Concentration

17. The imbalance in the regional distribution of foreign direct investment between developed and developing economies and the disproportion in the share of Africa within developing region are both only exceeded by the level of concentration in FDI receipts among a few African countries. According to average figures for 1970-87 in Fig. 11, the level of concentration in inward investment to Africa was more than one-third at the level of one country, more than half at the level of two countries, more than

[4] All figures for Africa do not include South Africa.

three-quarters at the level of four countries, and more than 95 percent at the level of six countries[5]. According to corresponding figures by sub-periods, the magnitude of concentration intensified over time. The share of a single country rose from an average of half in 1970s to nearly two-thirds in 1980s. At the level of three countries, the proportion escalated from more than 75 percent in 1970s to a staggering 95 percent in 1980s.



Source: Annex Table 12.

18. A ranking of all African countries, on the basis of average annual value of foreign direct investment attracted between 1970 and 1987, includes the following leading recipients were Egypt (442), Nigeria (261), Tunisia(109), Cameroon (71), Algeria (71), Gabon (57), Cote d' Ivoire (46), Botswana (40), Zaire (40), and Morocco (33)[6]. As the leading FDI recipient in Africa, Egypt attracted foreign direct investment at an average annual rate of more than three-quarters of one billion dollars during 1980s, with the inflow rate toping one billion dollars during the last half of 1980s. With average annual FDI inflows of over one-quarter of one million dollars during the same period, Nigeria followed as a remote runner up. In 1970s, Nigeria was the leading favorite of foreign direct investment, before being passed over for Egypt in the next decade. Additional countries making it on the roster of the top ten recipients were Congo and Kenya in 1970s and Angola in 1980s.

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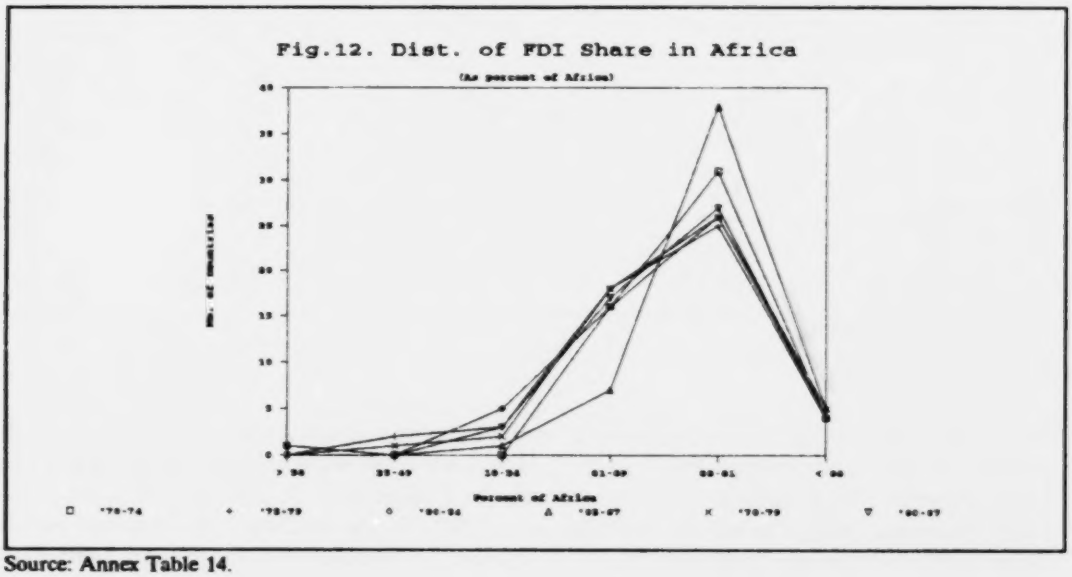
[5] The level of concentration is overstated in proportion to the level of disinvestment, because the share of individual countries is expressed as percent of FDI inflows net of disinvestment outflows. Negative components in the sum of inward investment accounts for the level of concentration exceeding a maximum of 100 percent in Table ?

[6] The figures in parenthesis refer to the average annual rate of FDI inflows in million dollars, as presented in Table 15.

2. Level of Dispersion

19. The preceding sample figures on the extent of concentration in foreign direct investment in Africa convey significant implications for the impact of FDI as a potential source of development finance for the rest of the region. Consider the case of 95 percent concentration at the level of three countries for 1980s and the corresponding average annual figure of 1.5 billion dollars in FDI inflows to Africa during the same period. Under these conditions, about 50 African countries were left with only the remaining five percent of the total annual inward investment to the continent, or a paltry 78 million dollars averaging 1.5 million dollars per country.

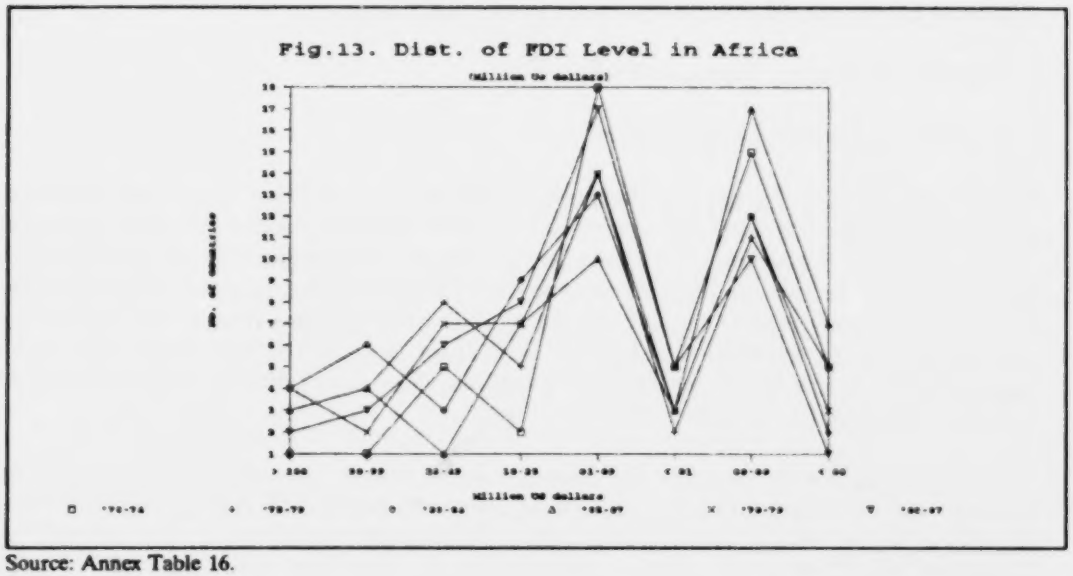


Source: Annex Table 14.

20. But average figures only tell part of the story, particularly about the least favoured African countries towards the tail end of the cue for foreign direct investment, during the last two decades, as supplemented in Fig.12. The number of African countries receiving no foreign direct investment at all increased from 10 in 1970s to 12 in 1980s, rising to 18 countries by the last half of the decade. Those accounting for less than one percent of the average annual foreign direct investment in Africa numbered 15 during 1970s and 1980s, and increased to 20 during the second half of 1980s. During the same period, the number of countries receiving between one percent and ten percent of the total FDI inflows to Africa was less than twenty. At the high end, the number of countries accounting for more than 10 percent of the continental share numbered five at the very most.

21. Turning from relative to real magnitudes, five countries attracted foreign direct investment at average annual rate of less than one million dollars over approximately two decades between 1970 and 1987. The tally for FDI inflows at average annual rate varying from one million to ten million dollars was seventeen countries, during the same period. Without

counting those countries with net disinvestment (negative average value) and zero flow rate, the rank of African countries absorbing foreign direct investment at the rate of less than 25 million dollars included 30 of them. The number of African countries hosting foreign direct investment at average annual rate of more than 100 million dollars has been limited to three or four countries.



Source: Annex Table 16.

22. A glance at the cumulative figures from the bottom end of the spectrum consisting of lowest income African countries is even more revealing. When 52 African countries were ranked on the basis of average annual inward investment over approximately two decades from 1970 to 1987, from Table 17, the cumulative figures yielded only one million dollars among 13 countries, 10 million dollars at the level of 20 countries, and 50 million dollars at the level of 30 countries[7].

23. During the last two decades, total disinvestment from Africa exceeded an average annual rate of 300 million dollars, or more than 20 percent of the gross value of inward investment to the region--virtually all of it from Libya. The rate of disinvestment was particularly pronounced during the last half of 1970s and the first segment of 1980s. On the basis of average figures covering 1970-87, other countries experiencing relatively moderate levels of withdrawal of foreign investment include Angola, Liberia, Madagascar, Mauritania, Nigeria, Somalia, Sudan, and Zambia.

[7] The figure for number of countries includes about ten countries receiving no external investment during the period under review.

II. FOREIGN DIRECT INVESTMENT IN SOUTHERN AFRICA

24. The first part of this chapter surveys trends and prospects of foreign direct investment as source of development financing with reference to selected countries from southern African: Botswana, Lesotho, Malawi, Swaziland, Zambia, Zimbabwe. The last portion presents a closeup profile of foreign direct investments in Botswana and Lesotho.

A. Overview of Recent Economic Trends

1. Structure and growth of production

25. According to figures for the period 1980-86, the contribution of agriculture to the structure of production varied from over one third for Malawi, just over 10 percent for Zambia and Zimbabwe, to less than 5 percent for Botswana. The proportion of agriculture in the structure of production declined across the board with different degrees of decrease among countries. Botswana is most notable for the most drastic transformation in the structure of its production. On the average, the share of agriculture in GDP fell from more than one-third during 1965-80 to less than 5 percent during 1980-86, whereas the share of industry jumped from less than 20 percent to almost 60 percent.

26. While agriculture remains the mainstay of the Malawi economy more than any country in the group, the proportion of agriculture declined from about half during 1965-80 to less than 40 percent during 1980-86. Although agriculture is relatively less important than industry to both Zimbabwe and Zambia, the relative contribution of agriculture to the structure of domestic production dropped more in the case of Zimbabwe, during the period under review. The industrial sector accounted for a major share of Zambia's GDP during 1965-80, but decreased to less than half during the first half of 1980s. During the same period, the industrial sector of the Zimbabwe economy rose from just over one-third to roughly half.

27. Although Botswana stands out among the group for achieving a growth performance exceeding an average annual rate of 10 percent during 1980-86, the growth trends slowed down in relation to nearly 15 percent during 1965-80. Lesotho's GDP growth rate dropped from more than 6 percent to near stagnation during the same period. Over and above moving at a sluggish pace since 1965, Zambia's economy registered negative growth during the first half of 1980s. Zimbabwe and Malawi achieved a modest growth rate of less than 3 percent during the first half of 1980s, after some drop from slightly higher levels during the prior decade and half.

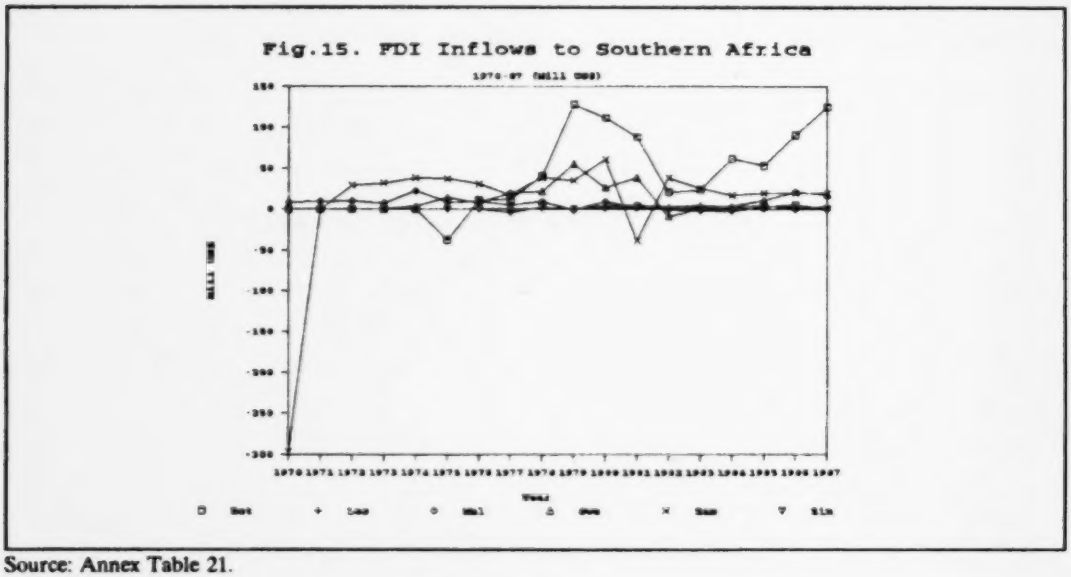
2. Manufacturing

28. During the first half of 1980s, manufacturing activities contributed less than 10 percent to the GDP of Botswana and Malawi. During the same period, the manufacturing sector accounted for 30 percent of the GDP in Zimbabwe and 20 percent of that of Zambia. With the exception of Botswana, the trends show a gain of manufacturing activities in the structure of production. With the exception of Zimbabwe moderately, the distribution of value added by manufacturing is highly skewed towards agro-based processing-- notably, food, beverage, textile, and garments.

3. Gross domestic investment and savings

29. With an average annual growth rate of more than 20 percent in gross domestic investment over a decade and half from 1960-85, Botswana stands out among the six countries sampled here, followed by Malawi's of just under 10 percent. In contrast, gross domestic investments in Zimbabwe nearly stagnated at less than one percent growth rate, while Zambia registered an average decline of about 4 percent[8]. During the period 1980-86, on the other hand, virtually all countries in the group experienced negative growth rate in gross domestic savings in the range of five to ten percent.

30. Gross domestic investment had a comparable 15 percent share of GDP in the case of Botswana, Malawi, and Zimbabwe during the period 1960-85. Zambia features negative growth rate with the highest (25 percent) share of gross domestic investments in GDP--an apparent anomaly. With the exception of Zimbabwe, the share of gross domestic investments in GDP declined between 1980-86. Although Zimbabwe, like the rest, posted a negative growth rate in gross domestic investments, the decline was the least steep; and hence, consistent with a slight gain of share in GDP, unlike the case of Zambia.



Source: Annex Table 21.

31. Whereas Zimbabwe is distinguished for the GDP share of gross domestic savings exceeding the share of domestic investments during 1965-86, the reverse is the case for other countries. The proportion of gross domestic savings in GDP fell from a hefty 40 percent during fifteen years before 1980, to just over 10 percent thereafter. Malawi's savings performance improved dramatically from nil for the period 1965-80 to 7 percent in 1980s.

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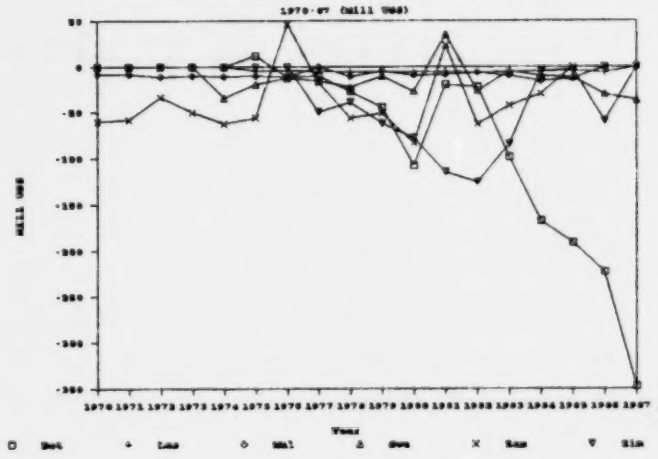
[8] World Bank. World Development Report, 1988

4. Trends in foreign direct investment

32. Among all African countries, Botswana was one of the ten leading host countries to foreign direct investment, according to IMF figures for the last two decades[9]. Between 1980 and 1987, Botswana received foreign direct investment at an average annual rate of more than 70 million US dollars, or about 8 percent of the total value of foreign direct investment inflows to Africa. The average value of FDI inflows to Botswana was more than the combined sum for Lesotho, Swaziland, Malawi, Zambia, and Zimbabwe. Exclusive of a substantial disinvestment to the tune of 300 million US dollars in 1970, inflows of FDI averaged about 30 million US dollars per annum in 1970s, making Zambia a close runner up to Botswana over the entire period.

33. Except Botswana, for the remaining five countries, the level of net average annual FDI inflows fell below the ten million dollar mark. When the huge disinvestment from Zambia is figured in, the net average annual level of FDI inflows to that country dropped from about 25 million dollars to 5 dollars per annum. Between 1970 and 1987, the share of foreign direct investment inflows to Botswana, Malawi, and Swaziland individually was more than one percent of Africa's total. Zambia's share also would have topped one percent, if it were not for the massive disinvestment referred to earlier. Over the entire period Zimbabwe ranked as the smallest recipient of foreign investment among the six countries in the group.

Fig.16. Distributed Earnings on FDI



Source: Annex Table 19.

34. Net income accruing to foreign shareholders of foreign direct investment enterprise is reinvested or distributed, the non-stock dividend component of the latter for repatriation abroad.

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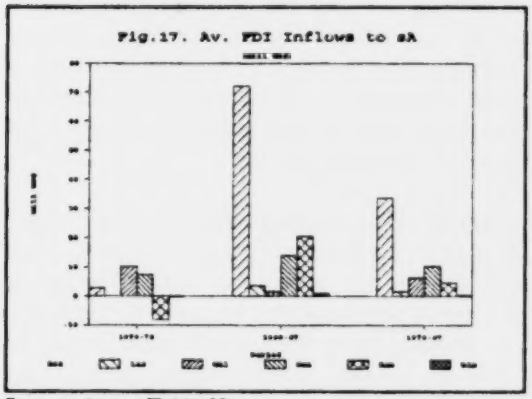
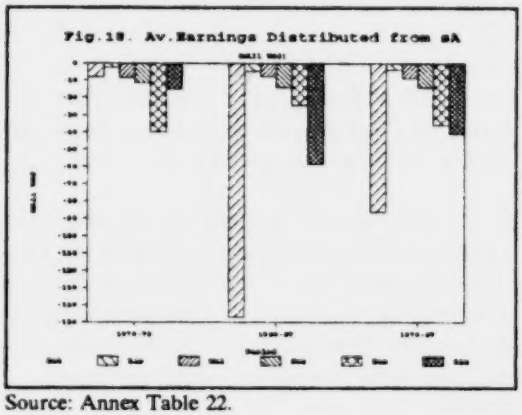
[9] Please refer to Tables 19 & 23 in the Annex.

Whereas retained profit on foreign direct investment increases the net worth of foreign investors, losses have the opposite effect of reducing the value of foreign investment. Among the six southern African countries surveyed in this paper, Botswana is unique for increasing the stock of foreign capital very consistently through profit retention only achievable through good operating performance. The rate at which income on foreign direct investment was ploughed back into the country nearly doubled from annual average of 17 million US dollars in 1970s to 33 million dollars in 1980s, averaging just under 25 million US dollars over the entire period of nearly the last two decades. The ratio of average reinvested earnings to inflows of foreign direct investment averaged just under 75 percent for Botswana during 1970-87.

35. In the case of three countries average value of reinvested earnings was negative varying from Malawi (-1 million), Swaziland (-6 million), to -20 million for Zambia. Profits accruing to foreign direct investments were retained within Zimbabwe at a paltry annual level of less than one million US dollars.



Source: Annex Table 23.



Source: Annex Table 22.

36. As presented in Fig.17 and Fig.18, the six South African countries paid out more in repatriated profit than they received in additional direct investment, on the basis of average annual values of distributed profit and FDI inflows during 1970-87[10]. For example, Botswana paid out in distributed earnings two and half times as much as it received in foreign direct investment during the period in question. Zimbabwe is an extreme case, in the sense that it paid out more than 100 dollars in distributed earnings for each dollar it received in foreign direct invest-

[10]Please refer to Tables 21 and 22 in the Annex for more details.

ment. The corresponding figures for the remaining countries vary from Zambia (-7.64), Lesotho (-2.37), Malawi (-1.39), to Swaziland (-1.37)[11].

B. Botswana: Profile of Foreign Direct Investment

1. Structure of the economy

37. Botswana is a small independent country land-locked in southern Africa with a population of slightly over one million and bordering with Namibia, South Africa, Zimbabwe, and Zambia. About two-thirds of the country lies under the Kgalagadi (Kalahari) Dessert, contributing to generally harsh and arid climatic conditions. Botswana has a combination of advantages--the first especially--rather wanting in the rest of the continent: a multi-party democratic political system and generous natural resoures.

38. In addition to membership in the Southern African Customs Union (SACU) and special trade arrangements with Zimbabwe and Zambia, Botswana is a member of many international and regional economic organizations. By virtue of its membership in the Southern African Customs Union, the economy of Botswana is also dominated by South Africa--albeit, to a much lesser extent than that of Lesotho--particularly in the aftermath of development of diamond mines and subsequent withdrawal of Botswana from the rand or Common Monetary Area (CMA) in favour of a national currency and independent monetary policy.

39. Botswana's primary resources consist of minerals and agriculture. The country's major mineral resources include diamonds, copper-nickel, coal, and soda ash[12]. Due to the low level of rainfall and lack of rivers for large scale irrigation, the country is more suitable to livestock than crop farming. More than three-quarters of the rural population is engaged in livestock production. The expansion of the livestock sector is credited for making some contribution to the creditable overall economic performance fueled by the mining industry during the last two decades.

1.1 Mining sector

40. Prior to the opening of the first diamond mine in the country in early 1970s, agriculture was the primary economic activity, with a share of slightly less than half of the gross domestic product. In mid-1980s, the contribution of mining sector to GDP jumped to more than 50 percent, while the proportion of agriculture dropped precipitously to less than 5 percent.

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[11] The quotients have negative signs, because the numerator and denominator have opposite signs. A quotient has a positive sign in instances when net disinvestment and profit distribution, both with negative signs coincide. Caution should be taken in interpreting these figures, because they are highly aggregated amounts concealing internal components with significant information. With reference to Zimbabwe, for example, a quotient of -103.08 was obtained by dividing distributed earnings of 40.91 by foreign direct investment inflows of merely 0.4 million dollars. Please refer to Tables 19, 21, and 22 for details.

[12] There are also small quantities of gold, platinum, asbestos, talc, kynite, clay, and agates.

Botswana is one of the world's leading suppliers of diamonds, and the precious stone forms the backbone of the national economy in terms of gross domestic product, export earnings, and government revenue.

1.2. Manufacturing sector

41. Manufacturing activities figure insignificantly in the economy of Botswana. During the first half of 1980s, the manufacturing sector contributed just over five percent to gross domestic output and declined in relative importance over the last two decades. Manufacturing activities primarily consist of food, beverage, and textile processing. These sub-sectors of manufacturing accounted for more than two-third of manufacturing valued added during the first half of 1980s. Meet processing primarily for the export market is the largest manufacturing activity. The Botswana Meet Commission, which operates four abattoirs, is the largest manufacturing organization, followed by textiles. Factors hampering the development of the manufacturing sector include high production cost associated with small domestic market, reliance on imported raw materials, lack of indigenous entrepreneurial capability, and competitive advantage of the dominant SACU member. Apart from wood and livestock based processing, other sectors of manufacturing such as textiles, bakeries, chemicals, plastic goods, packing materials, metal and electronic products rely on imported materials.

1.3 Currency convertibility

42. Principal exports from Botswana are diamonds, nickel-copper, and meet. Diamonds contribute an overwhelming share to export earnings. In mid-1960s, exports accounted for more than two-thirds of the gross domestic product and imports for less than half. The export of meet is an exclusive monopoly of the parastatal organization, the Botswana Meet Commission. Not only has the country been enjoying surplus in its balance of payments, but the country' reserve position has been steadily rising during the last few years.

43. The pula, the national currency of Botswana, is pegged to a basket containing an equal mix of the rand and SDR. Botswana opted out of the CMA in order to pursue a monetary policy more in tune with its economic conditions and independent of developments in South Africa's balance of payments accounts. In view of the economy's sensitivity to international economic recessions deriving from the dominant role of diamonds in the structure of the economy and trade, an independent monetary policy offers some degree of freedom to respond to such developments. A similarly independent monetary course has been virtually abdicated by Lesotho as long as it remains a member of CMA. This is one of the compelling reasons why Lesotho has been advised to go for cost competitiveness on the world market for manufactured exports by controlling wage levels as a means of stimulating manufactured exports and attracting foreign investments, because a course of devaluation cannot be contemplated without an independent monetary policy[13].

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[13]Foreign Investment Advisory Service, "Kingdom of Lesotho: Diagnostic Report on Foreign Direct Investment", July 1989, p. 20.

44. The pula is a convertible currency and justly considered the strongest in Africa. Botswana boasts one of the highest per capita reserves in the world. In 1986, the country's gross international reserves in months of import coverage was a hefty fifteen, second only to that of Taiwan[14]. The corresponding average figure for developing countries was 3.5 months import coverage. Such a strong position in international liquidity is a boon for foreign investors. Capital goods, spare parts, and raw materials can be imported without restriction and all interest, dividends, foreign currency brought into the country, and proceeds from disinvestment can be repatriated conveniently, subject to taxation of fifteen percent in the case of the first two items of income accruing abroad[15].

2. Investment policy

45. Investment activities declined substantially between mid-1970s and early 1980s, because of completion of major mining projects. Whereas the share of gross investment in GDP had been more than 40 percent in mid-1970s, the proportion declined to less than 30 percent towards the beginning of 1980s. On the other hand, the share of public sector investment increased significantly, beginning in 1980. Throughout the period under review, gross domestic investment surpassed gross domestic savings, requiring some external borrowing.

46. Contrasting with the persistent disparity between gross domestic investments and savings leading to some external borrowing is the excess liquidity of the Botswana economy contrasts which in turn contrasts with the relative shortage of local credit in Lesotho. While excess liquidity against a background of gross domestic investments exceeding savings seems inconsistent, the apparent anomaly may be explained by the effects of countervailing fiscal trends of budget surplus resulting from a combination of rising revenue from diamond mines and relatively conservative public spending policy. The availability of domestic credit at favourable cost, particularly for financing the working capital component of total capitalization is a feature conducive to the inflow of foreign direct investment.

47. As part of national development strategy of diversifying away from overdependence on the two primary commodities of diamonds and livestock, the Government of Botswana introduced in 1982 an incentive package known as the Financial Assistance Policy (FAP), designed to attract investment oriented to the manufacturing of exports or import substitutes outside the mining and livestock sectors. Incentive items for labour training, job creation, rural location, and manufacturing are in keeping with priorities placed on national development strategy of economic diversification, employment creation, as well as rural development and agriculture with water and electricity as the leading sectors.

2.1 Investment incentives

48. While investors in priority manufacturing sectors are granted Automatic Financial Assistance (AFA), investments for expansion and by going concerns and other types of greenfield

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[14]World Bank, World Development Report 1988, p. 250.

[15]Botswana Development Corporation, Your Investment Partner in Botswana, p.3.

investments fall under the Case-by-case Financial Assistance (CFA) status. Foreign investments exceeding 20,000 pula are eligible for FAP. Other incentives under the Automatic Financial Assistance arrangement include tax holiday of five years decreasing from 100 percent in the first year to 25 percent in the fifth year, unskilled labour grant in the form of reimbursement of wage expenses covering employees earning less than 13 pula a day--from 80 percent for the first two years to 20 percent for the fifth year--and grant of 50 percent for the first five years for costs incurred in the training of citizens.

49. Benefits under CFA cover **capital grants** of 1,000 pula for each job created over five years on the average, subject to a ceiling of 40 percent of total fixed investment cost for urban sites and 85 percent for high priority rural areas; **sales augmentation grant** in the range of eight percent of sales revenue the first two years and two percent the fifth year; and **unskilled labour grant** identical with that of AFA. As additional inducements, Botswana selectively extends **infant industry protection** to struggling local manufacturers against competing imports and gives preferential treatment to locally registered businesses in awarding government bids.

50. The corporate tax rate is 40 percent across the board, with no distinction between manufacturing and other sectors as in the case of Lesotho, where manufacturing concerns pay lower taxes than other sectors by 7.5 percent. While dividends distributed to local investors enjoy the fiscal status of tax deductibility similar to interest expense, the portion paid on foreign investment is taxed at the rate of 15 percent, in par with Lesotho.

51. The tax deductibility of dividends on shares held by local investors in direct foreign enterprises has some implications for preference for joint ventures in partnership with local entrepreneurs over full ownership control, through differential effects on the cost of capital. Since the tax deductibility of dividends lowers the required rate of return on foreign investments involving local equity participation, such fiscal policy favours joint ventures over full ownership control of foreign direct investment enterprises. Instead of encouraging local equity participation in foreign direct enterprises by imposing arbitrary parameters on the distribution of ownership control between foreign and local groups, a fiscal incentive of dividend tax deductibility on local capital is more beneficial for encouraging both foreign and domestic investors.

2.2. Botswana Development Corporation

52. A common feature shared by the investment policy of Botswana and Lesotho is the role played by the development corporation of the respective countries in the promotion of industrial and commercial ventures. The Botswana Development Corporation (BDC) and the Lesotho Development Corporation (LNDC) are parastatal development finance organizations constituted to promote the participation of the state, private domestic capital, and foreign direct investors in strategic sectors like export oriented manufacturing. Towards that end, the two development corporations play the direct role of joint venture partnership with foreign and local investors and the indirect task of investment promotion in general. Responsibility for foreign investment promotion is vested with the Department of Trade and Investment Promotion of the Ministry of Commerce and Industry.

53. The Botswana Development Corporation was formed in 1970 to act as the investment arm of the government in the development of large and strategic ventures of national

significance. Non-voting preference shares of the corporation are owned by the International Finance Corporation and two other foreign parties. Unlike an ordinary development finance institution, BDC is the premiere national conglomerate controlling a diversified portfolio of direct investments through sixty wholly-owned subsidiaries and joint ventures involving foreign partners, in addition to providing credit facilities to its affiliated companies primarily. Out of 70 projects promoted by BDC, currently at different stages of development, about half of them involve foreign investors[16]. BDC's successful joint ventures with foreign partners include the Gabarone Sun (RSA/hotels), Bolux Milling (RSA), Kgalagadi Breweries (RSA), and Botswana Insurance Company (USA). The UK based conglomerate Lonrho and Heinz of USA are engaged in textile manufacturing and food processing, respectively.

3. Foreign direct investment in mining

54. The development of the mining sector, particularly the discovery and exploitation of diamonds since early 1970s, has been primarily responsible for the country's impressive economic growth by the standards of other countries in the region. In just over ten years from 1973 to 1984, gross domestic product in real terms increased three fold.

55. Large scale mining consists of three diamond mines, and one mine each for nickel-copper and coal. The first diamond mine was opened in 1971, followed by two more in 1977 and 1982. The three diamond mines at Orapa, Letlhakane, and Jwaneng are owned by the De Beers Botswana Mining Company (Debswana), a joint venture between the Government of Botswana (50 percent) and De Beers Consolidated Mining Company (50 percent). Debswana's diamond production rose dramatically more than five fold from under three million carats in 1978 to more than fifteen million carats in 1988, at average annual growth rate of 18 percent. According to the Financial Mail (May 18, 1990 Corporate Report on Anglo American Corporation), while South Africa accounted for about 8 million carats or 25 percent of 24.3 million carats of the diamonds produced by De Beers in southern Africa, Botswana contributed 15.2 million carats or more than 60 percent of the aggregate for southern Africa. In addition to mining interest, De Beers is also active in Botswana in prospecting and diamond trading, through fully owned subsidiaries: De Beers Prospecting Botswana (Proprietary) Limited and The Diamond Corporation Botswana (Proprietary) Limited.

56. All diamond exports from the country are sold exclusively through the London based Central Selling Organization (CSO), which controls about 80 percent of world diamond sales. As a result of sales quota imposed by CSO on diamond export from Botswana in 1981, the country accumulated a large stock pile of 2 million carats valued at 500 million US dollars[17]. The whole inventory was sold to De Beers Consolidated in exchange for a package deal consisting of some 20 shares--equivalent to 5.27 percent of the company's net worth--two of the twenty seats on the board of directors of De Beers Consolidated and Diamond Trading Company, plus some cash. Diamond Trading Company has a controlling interest in Central Selling Organization.

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[16]BDC News, September 18, 1989.

[17]Bhuiyan, Mohammed N. (ed.), Bank of Botswana, Selected Papers on the Economy of Botswana, 1987, p. 20.

57. Nickel-copper mining is more significant in terms of employment than export value or domestic output. Nickel-copper mining is done by Bamawangwato Concessions, Ltd. (BCL), a subsidiary of Botswana Roan Section Trust (BRST) and the largest single employer in the country with a labour force of 4000 employees. The principal shares holders of BRST are Anglo American Corporation of RSA and AMAX, Inc. of USA. The government is paid a royalty of 3.41 percent of the gross value of recoverable minerals sold by BCL.

58. Presently coal is exploited only for the domestic generation of electricity and the source of energy supply for copper-nickel and soda ash mines. The Moropule Colliery is operated by Anglo American Corporation. Although Botswana has large quantity of coal deposits, the relatively low price of oil at present does not render feasible its exploitation for export. Prospects for expansion of coal mining will depend on future developments in the level of oil prices on world market.

59. The Sua[18] Pan Project, in the remote, barren, uninhabited Makgadikgadi depression in north-eastern Botswana near the Zimbabwe border, is a major and unique project involving the host country, transnational corporations, national industrial development corporations from neighbouring countries, multilateral financial institutions, and overseas development corporations in the development of soda ash and salt factories, with significant impact on the national economy through linkages and multiplier effects, and merits a brief review.

60. Estimates for the investment cost of the Sua Soda Ash Project vary form P736 (US$380) million to P920 (US$475) million[19]. The project is expected to come on stream in 1991 and produce 300,000 tones of soda ash (sodium carbonate) and common salt (sodium chloride) at full capacity, and supply the regional SADCC market with two important commodities. Towards that end, Soda Ash Botswana (Pty) Ltd. (SAB) was formed as a joint venture between the Government of Botswana and Anglo American Group of companies consisting of African Explosives and Chemicals Industries (AECI), De Beers Holdings, and the parent company directly. The Government of Botswana has invited the participation of SADCC countries and some bilateral and multilateral financial institutions in its share of the capitalization. After a favourable response from the industrial development corporations of Zimbabwe and Zambia, International Finance Corporation, Common Wealth Development Corporation, and German Development Corporation, negotiations have been underway on the subject of ownership distribution and related issues.

61. The location of Sua Pan in a desolate and remote depression with complete lack of rudimentary facilities has already spawned substantial infrastructural investment in housing, transportation, communication, water, electricity, as well as other social and communal facilities. As part of the project, the Botswana Housing Corporation is developing a residential area with requisite facilities for a community of 600 factory employees and their families at a site 14 km

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[18]"Sua" means salt in the local dialect.

[19]While the lower figure is based on the project brochure issued by the Ministry of Mineral Resources and Water Affairs, the higher figure is quoted from corporate report on the Anglo American Corporation (p. 31) in the Financial Mail (South African), May 18, 1990.

from the factories. The housing facilities will be rented to Soda Ash Botswana for the accommodation of its workers. Botswana Railways is constructing a 175 km segment connecting the project site with Francistown on the Zimbabwe border. In addition to facilitating access to markets for the final products, the railway link is critical for hauling coal required by steam and power generating plants. The Morupule Colliery, more than 90 percent owned by Anglo American Corporation, will supply 180,000 tones of coal annually.

C. Lesotho: Profile of Foreign Direct Investments

1. Structure of the economy

62. Independent, small, land locked, and encapsulated within the borders of another sovereign state, Lesotho has a population of about one million and a half, projected to remain below two million by year 2000. About 90 percent of its migrant workers in neighboring countries, making up about 10 percent of the total population, are employed in South Africa. In the last half of 1980s, remittances by these workers covered more than three-quarters of the country's imports. On the average, wages earned by migrant Bosotho workers in neighbouring country's account for more than half of the GNP. The country's development prospects are severely constrained by a small population base with correspondingly very small domestic market further compounded by extremely modest resource endowment. Apart from water, which is the number one national wealth, the country's limited natural resources include precious and semi-precious stones, mohair and wool, leather and skin, and curio and pottery.

63. Lesotho is a member of a number international and regional economic organizations--notably, Southern African Customs Union and Common Monetary Area. Prior to the withdrawal of Botswana from CMA to institute a national currency independent of the Rand, the original members of SACU and CMA were Botswana, Lesotho, South Africa, and Swaziland, with a combined population of 33 million. The two regional economic organizations are arrangements designed to facilitate the free flow trade and funds among member countries. Lesotho's duty free access to an integrated market pool of more than 30 million is a significant advantage for foreign investors, who place a high premium on secure markets among variables influencing choice of a host country for foreign direct investment. While the parity between the rand and the loti is beneficial in view of the dominant share of imports originating in South Africa and in terms of investor confidence, the effect can be counter productive with regard to competitiveness on the world market based on an overvalued currency.

64. The share of the primary sector (agriculture,mining, and quarrying) in the structure of the economy declined from about one-third in 1980 to less than one-quarter in 1988[20]. During the same period, the proportion of the secondary sector (manufacturing and handicrafts, electricity and water, building and construction) rose from 20 percent to 30 percent, with the manufacturing component more than doubling from 6 percent to 12 percent. The tertiary sector claims nearly of half of total GDP.

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[20]Bureau of Statistics, Lesotho National Accounts, 1980-88.

1.1 Capital formation and savings

65. In 1980s, the share of gross fixed capital formation in gross domestic product, at current prices, fluctuated around an average of 43 percent between a high of 50 percent in 1983 and a low of one-third in 1984. Gross fixed capital formation from the private sector was nearly double that of the public sector. During the same period, the share of gross domestic savings in GDP averaged about 10 percent below gross domestic savings, requiring external borrowing of the same proportion.

1.2 Lesotho Highlands Water Project

66. Lesotho's lack of other natural resources is compensated by the abundance of water. The Senqu-Orange river system, one of the most important in the sub-region, crosses the country. The Lesotho Highlands Water Project is a public undertaking of mega proportion in the country's experience and is designed to supply water from the Lesotho highlands to meet growing demand in the Vaal river system of South Africa. The development of the scheme is estimated to take thirty years at a cost of 4 billion maloti. The project will be jointly finance by the governments of Lesotho and South Africa. The latter will finance the water transfer component of the project including the full cost of construction, operation and maintenance on fully reimbursable basis. Financial responsibility for project components lying within Lesotho such as hydropower and supplementary development scheme is assumed by the Government of Lesotho. Under the terms of the agreement between the two parties, Lesotho will earn revenue from the export of water, in addition to such spin offs as development of irrigated agriculture and fishery, hydro-energy source for rural electrification, and tourism. The Lesotho Highlands Water project is expected to spawn foreign investment, particularly in the construction and manufacturing sectors. Towards that end LNDC has identified a number of projects.

2. Investment policy

67. Since independence, the commitment of Lesotho to an economic system of private enterprise has been repeatedly articulated in the country's industrial development policy and reflected in the leading role apportioned to the private sector in a series of five-year national development plans. For example, the private sector on the average accounted for more than two-third of gross domestic capital formation in the previous decade[21]. The government views foreign investment favourably and actively promotes the participation of foreign capital in the country's overall economic development and the export sector of the economy in particular.

68. Against a background of severe resource and market constraints and vulnerability to overdependence on, and integration with, the South African economy, Lesotho adopted a strategy of export-driven industrialization emulating the spectacular achievement of the Newly Industrialized Countries (NICs) of the Pacific Rim, as both a feasible and desirable development course to be actively pursued. Foreign direct investments considered desirable are those with the features of export oriented manufacturing, labour intensive technology, upstream vertical integration in the textile sector, and import-substituting.

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[21]Government of Lesotho. Bureau of Statistics, National Accounts, 1980-88.

2.1 Investment incentives

69. Incentives available to foreign investors are covered under the **Pioneer Industry Status** and include tax holiday of up to ten years, or special depreciation allowance on machinery and equipment of up to 145 percent in the first year. As a further commitment to export driven development strategy, Lesotho supports exported oriented investment through concessionery credits under the Export Financing Scheme, instituted recently through UN assistance and billed as the first of its kind on the continent. Lesotho allows foreign investors to use the "financial" rand which offers a higher exchange rate than the commercial rand. The corporate tax structure gives preferential fiscal incentive to manufacturing industries. While manufacturing establishments are taxed at the rate of 37.5 percent, all others pay 45 percent. A tax of 15 percent is levied on dividends accruing abroad on foreign direct investments.

2.2. Lesotho National Development Corporation

70. Statutory responsibility for acting as a national catalytic agency for investment promotion is primarily vested with the Lesotho National Development Corporation (LNDC). Since reconstitution as a development finance company in 1977, LNDC has been active in the promotion of foreign direct investment in the sphere of export-oriented and import-substituting manufacturing, acting as the investment arm of the government in commercial and joint ventures, and providing credit facilities on concessionery terms. The corporation's scope of responsibility covers the management of industrial estates and incentive programmes other than the Pioneer Industry package. The company's total capital of 10 million maloti is distributed between the Government of Lesotho (90 percent), and the German Development Company (10 percent), on behalf of the Federal Republic.

3. Survey of foreign direct enterprises

71. In 1989, more than fifty direct investment enterprises, fully or partly owned by foreign investors, accounting for more than 64 million maloti in investment value and above eleven thousand in employment, were registered in Lesotho according to sources from the Lesotho National Development Corporation[22]. These companies were distributed by sector among textiles (30); engineering (8); services (8); and seven for agro-industry, pharmaceutical, and chemicals as a group. Foreign affiliated firms in the textile industry account for about two-thirds of the total investment value and more than three-quarters of the total employment attributable to all foreign subsidiaries. Apart from a slightly higher proportion of investment value, estimated at 15 percent in the engineering sector, the remaining sectors hosting direct foreign investment are credited for contributing less than ten percent to both investment value and employment associated with foreign investments.

3.1. Small scale investments

72. On the basis of total investment value of 43 million maloti and employment of 9000 workers relating to thirty foreign affiliated companies in the textile sector, a representative

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[22] Lesotho National Development Corporation

foreign direct investment enterprise in the country has an average investment of less than 1.5 million maloti, while on the average employing about 300 workers[23]. The investment capital of individual thirty foreign owned companies from the textile sector varies from a minimum of 200,000 maloti to a maximum of 4,000,000, while the employment size is widely distributed between a lower end forty workers to a maximum of just under a thousand. The magnitude of investment for more than half of them varied between 1,000,000 and 5,000,000 maloti. For the rest level of investment was less than 1,000,000 maloti. While the average level of investment by individual foreign companies in the engineering sector is comparable to that of textile, it is even lower in the case of agro-industry, pharmaceutical and chemicals, and services. Among more than twenty foreign affiliated companies in these sectors, less than half of them had levels of investment in the range of 1,000,000-5,000,000 maloti.

Table 1. Sectoral Distribution of FDI Enterprises in Lesotho
(In million maloti)

Sector	Number of companies	Investment Value	%	Employment No.	%
Textile	30	43	67	8,747	78
Engineering	8	10	15	666	6
Agro-industry, pahrma., chem.	7	5	8	845	7
Services	8	6	9	914	8
Total	53	64	100	11,172	100

Source: Summary of Table 24 in the Annex.

3.2. Risk implications of cost structure

73. Very low investment level in capital, particularly fixed capital, and relatively high labour input are characteristic of manufacturing processes employing labour intensive technology such as the garment and textile sector of Lesotho, favoured by foreign investors. Such an investment feature implies operating cost structure with proportionately low fixed components such as depreciation expense and relatively high variable element, notably wages of labour, with dampening effect on the variability or riskiness of operating profit[24]. Since investment induced by random

[23]The average investment in a representative foreign affiliated firm in the textile sector is about 600,000 dollars, given exchange rate of one US dollar for 2.5 maloti.

[24]The recent survey of foreign investors in Lesotho conducted by the Foreign Investment Advisory Service reports placement of very low priority on the highly accelerated special depreciation allowance granted under Pioneer Industry Status. No wonder this is the case considering the relatively low level of investment in depreciable capital assets. Foreign Investment

distortions tend to be non-lasting and unpredictable, an operating cost structure with relatively low fixed component gives some room to manoeuver under volatile circumstances. In addition to reducing the variability of operating profit, such cost structure also minimizes capital loss in the event of disinvestment, because the asset structure is skewed heavily towards relatively liquid assets and light on fixed capital, the latter more susceptible to wide fluctuations in market value.

3.3. Home bases and ownership pattern

74. The number of foreign affiliated enterprises are about equally distributed between wholly-owned subsidiaries and joint ventures, with slight bias towards full control. Whereas the distribution of fully controlled foreign direct enterprises by sector were textile (19); engineering (4); agro-industry, pharmaceutical, and chemicals (2); and one for service; the corresponding figures for joint ventures were textile (11), engineering (4), agro-industry,... (5), and seven for services. While there is greater preponderance towards joint ventures in the agro-industry,... and service sector, the majority of companies in the textile sector are fully controlled.

75. Fifteen foreign affiliated companies involve joint ventures between the host country and South Africa and thirteen of them in partnership with, Zimbabwe, Taiwan, United Kingdom/Netherlands, Federal Republic of Germany. The remaining joint venture companies are strictly among foreign partners from different countries such as those among China, Hong Kong, and Taiwan in the textile sector.

76. Investing countries in Lesotho consist of the Republic of South Africa, Taiwan, China, Hong Kong, United Kingdom, United States, Federal Republic of Germany, France, Netherlands, Italy, Switzerland, Israel, Portugal, and Zimbabwe. By far the leading foreign investor is South Africa. Among slightly more than fifty companies registered to foreign owners, thirty-four of them--distributed between fourteen wholly-owned companies and 20 joint ventures are based in South Africa. By economic sector, South Africa's interests are distributed among textile (15), engineering (6), agro-industry, etc. (5), services (8). Whereas virtually all foreign subsidiaries in services are joint ventures with domestic capital, most of the establishments in the textile sector are wholly owned. South African companies also team up in joint venture with investors from the UK (3), USA (2), West Germany (1), Netherlands (1), in addition to a total of 13 joint ventures with local inventors in engineering (4), agro-industry, pharmaceutical, and chemicals (3), and services (7). There is no joint venture between South African based companies and local investors in the textile sector. Three companies with home bases in Zimbabwe, one of them as a joint venture with local entrepreneurs, are engaged in the manufacture of shoes and leather wear for domestic markets and linen for export to South Africa.

77. Foreign direct investment to Lesotho from the Far East consists of a total of ten companies from the textile sector associated with China, Taiwan, and Hong Kong. Whereas seven of these companies are fully owned by Taiwan (3), China (2), and Hong Kong (2), one of the three joint ventures involves local participation. An interesting case of economics like politics making

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Advisory Service, "Kingdom of Lesotho: Diagnostic Report on Foreign Direct Investment", p. 13.

strange bed fellows involves two joint ventures between an odd couple like the People's Republic of China with Taiwan and Hon Kong individually in the textile sector[25].

3.4. Products and markets

78. The distribution of FDI enterprises by items manufactured in the textile sector consist of general clothing (2), jeans (7), women's and children's wear (2), leisure and sports wear (2), golf bags (1), linen (1), shoes (4), leather wear (1), shorts and shirts (2), T-shirts (3), umbrellas (2), fishing bait (1), and washing facilities (1)[26]. Structural steel, nails and diamond mesh, furniture, mini-tv sets, lightings, and roof tussles make up the list of items manufactured in the engineering sector by foreign affiliated firms. Goods supplied by the subsidiaries of foreign companies in agro-industry, pharmaceutical, and chemicals comprise of wheat flour, bakery products, ice cream, candles, and paints.

79. Among 30 foreign affiliated firms in the textile sector, about 90 percent produce for export markets of USA (jeans, t-shirts, denim wear, leisure wear, women' and children' wear), EEC (jeans, umbrellas), Europe (sports wear, fishing bait), UK (women's and children's wear), FRG (umbrellas). Textile products manufactured in Lesotho for export to South Africa include general clothing, golf bags, shoes, t-shirts, washing facilities, jeans, linen, shorts and shirts, umbrellas, and leisure wear. Only two foreign affiliated firms engaged in shoe manufacturing and leather wear cater exclusively for the domestic market, while the outputs of three of them consisting of washing facilities, t-shirts, and shoes are targeted for both export and domestic markets.

81. With the exceptions of mini-tv sets and lightings, also exported to South Africa and Europe, all goods manufactured by foreign owned companies in the engineering sector are oriented to domestic markets. FDI enterprises in agro-industry, pharmaceutical, and chemicals as well as services exclusively oriented to import-substituting type of activities.

3.5. Predominance of distortions

82. Against such a background about the profile of foreign direct investment in Lesotho, a recent study by the Foreign Investment Advisory Service (FIAS) attributes their pattern of incidence to economic distortions both external and internal to South Africa: international export and import sanctions, consumer boycott of products displaying South African origin, quota restriction on garments entering OECD countries under the Multi-Fibre agreement, "infant industry" trade protection, discriminatory public procurement policy, and wage rebates under regional development policy incentives for businesses locating in the so called "homelands"[27].

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[25]Lesotho National Development Corporation, November 1989.

[26]The figures in parentheses refer to the number of companies engaged making the product.

[27]Kingdom of Lesotho, "Diagnostic Report on Foreign Direct Investment", prepared by the Foreign Investment Advisory Service, August 27, 1987.

83. Most affiliates of South African companies hosted by Lesotho, particularly those from the textile and garment sector, have a "bifurcated" counter part or sister plant in the "homelands". Investors are lured to the homelands by the generous wage rebate of 95 percent over seven years, which offsets the comparative advantage of lower wages hitherto enjoyed by Lesotho, and produce exclusively for the SACU market. The second sister plant in Lesotho manufactures for export markets outside SACU. Only a value added local component of 25 percent is required to qualify for Lesotho as the origin of a product and avoid sanctions. Foreign direct investors from the Far East were attracted to Lesotho to take advantage of the country's idle capacity for access to the secure markets of the EEC, North America and SACU for garments. The case involving supply embargo on South Africa is the relocation of mini-tv producer (Kiota Electronics) from Johannesburg to Masseru, as a result of cutback in the supply of electronic components from the Far East. The company's product is targeted for Europe and South Africa. Foreign investment influenced by trade protection, which does not contravene the provisions for free market under SACU, primarily refers to import-substituting manufacturing such as food and beverage processing originating in South Africa. In the case of foreign companies in the engineering industry, the primary incentive was the government's preferential procurement policy for local producers and materials in awarding state sponsored contracts.

84. The study by FIAS points to a number of policy issues to be addressed in conjunction with the active pursuit of foreign direct investment independent of economic distortions of random nature over which a country has little control. Measures recommended towards that end include replacement of existing discretionary arrangements for awarding Pioneer Industry privilege with automatic and transparent criteria as well as simple and clearly articulated eligibility rules, a critical reassessment of existing fiscal incentives in view of relatively low priority assigned to tax holidays and special allowances by investors operating in Lesotho, restriction on land ownership and expatriate work permit, managerial freedom to control cost with minimal interference and merits of comparative advantages in lower wages, inability to use devaluation as a monetary policy instrument in influencing exports as a member of CMA, shortage of local credit for financing working capital, restriction on the degree of ownership control in some sectors, duty-free status of capital goods and spare parts in creating a favourable low-cost environment, counter productivity of trade protection in cases like Lesotho in the long run by putting upward pressure on cost of living and labour which results in repelling foreign investment it was intended to attract, adverse effects of minimum wage legislation on employment, transition from foreign investment inflow deriving from random and unpredictable distortions to active and systematic promotion along a more independent course in harmony with export-based industrialization.

Table 1a. Value of FDI Outflows by Region, 1970-79
(In million US Dollars)

Region	1970	71	72	73	74	75	76	77	78	79
All countries	-12749.5	-13276.3	-14945.6	-24063.7	-23261.5	-27594.3	-27729.9	-28124.6	-39206.6	-60504.3
Developed Market Econ.	-12712.0	-13256.3	-14876.4	-23980.9	-23119.5	-27289.2	-27270.9	-27661.7	-38723.6	-60236.8
Europe	-4334.0	-4885.5	-4842.2	-9595.4	-10966.8	-10111.4	-12155.9	-12744.6	-17086.0	-28253.4
N. America	-7890.0	-7864.3	-8157.0	-12160.9	-9897.7	-15113.7	-12796.7	-12903.1	-18733.0	-28630.0
Japan	-350.0	-361.1	-727.4	-1895.5	-1876.1	-1760.5	-1985.8	-1646.2	-2353.8	-2894.1
Developing counries	-37.5	-20.0	-69.2	-82.8	-142.0	-305.1	-459.1	-457.1	-479.3	-261.1
Africa	-2.1	-2.2	-5.9	-7.2	10.5	-45.8	-62.5	-110.6	-62.9	-71.6
Latin America	-18.9	-4.5	-27.9	-37.2	-72.3	-116.2	-221.0	-173.1	-157.1	-178.4
West Asia	-12.0	-4.0	-1.6	-5.5	-3.4	-97.9	-118.1	-58.4	-102.7	187.3
Total Asia & Oceania	-4.5	-9.2	-33.8	-33.0	-76.8	-45.8	-57.5	-115.0	-156.0	-198.4

Source: International Monetary Fund, Balance of Payments Tape
Information from OECD Secretariat and Data from National Sources

Table 1b. Value of FDI Outlows by Region, 1980-87
(In million US Dollars)

Region	1980	1981	1982	1983	1984	1985	1986	1987
All countries	-57124.9	-54005.6	-32564.4	-36465.3	-41992.5	-58366.1	-92360.4	-134897.7
Developed Market Econ.	-56037.0	-53708.3	-31248.0	-35449.6	-41383.6	-57116.7	-90979.1	-134301.7
Europe	-26931.2	-28620.5	-19001.1	-21951.9	-25403.8	-31183.8	-48137.7	-64959.3
N. America	-25388.6	-18769.1	-6599.9	-8968.4	-8280.9	-17675.2	-25828.1	-46965.8
Japan	-2394.8	-4917.1	-4526.4	-3602.5	-5945.1	-6427.1	-14336.1	-19396.0
Developing counries	-1089.2	-297.2	-1316.4	-1015.7	-608.9	-1249.4	-1381.4	-596.1
Africa	-99.8	-86.4	-84.0	-59.1	-58.9	-37.6	-68.7	-14.5
Latin America	-413.6	-164.5	-409.4	-299.6	-90.3	-115.6	-166.9	-39.1
West Asia	-402.6	43.5	-289.6	-367.3	-127.6	-120.8	-355.4	-175.7
Total Asia & Oceania	-173.2	-89.8	-533.4	-289.7	-332.1	-975.3	-790.3	357.8

Source: International Monetary Fund, Balance of Payments Tape
Information from OECD Secretariat and Data from National Sources

Table 3. Average Distribution of FDI Outflows by Region, 1970–87
(Annual average in percent)

	********	********	** Annual	Average	*********	*********	*********
Region	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
All countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Developed Market Econ.	99.63	98.78	97.85	98.64	99.21	98.15	98.74
Europe	38.04	43.21	55.84	51.23	40.63	54.11	46.62
N. America	53.76	48.38	28.76	31.02	51.07	29.61	41.53
Japan	5.25	6.04	10.25	13.64	5.65	11.52	8.26
Developing counries	0.05	1.21	2.15	1.36	0.63	1.85	1.17
Africa	0.01	0.21	0.18	0.05	0.11	0.13	0.12
Latin America	0.17	0.51	0.66	0.14	0.34	0.47	0.39
West Asia	0.03	0.19	0.56	0.24	0.11	0.44	0.26
Total Asia & Oceania	0.16	0.30	0.74	0.75	0.23	0.74	0.46

Source: Computed from Table 1a & 1b

Table 2a. Value of FDI Inflows by Region, 1970–79
(In million US Dollars)

Region	1970	71	72	73	74	75	76	77	78	79
All countries	11129.2	11530.6	12049.6	18025.0	26128.0	21517.7	18542.5	24397.8	32645.8	43928.3
Developed Market Econ.	8901.5	8802.6	9446.3	13321.7	20813.5	14487.1	13833.2	18547.8	24649.8	32788.9
Europe	5114.5	5781.7	6405.2	9338.8	12713.7	10145.3	8234.9	12593.4	13689.8	17464.5
N. America	2326.0	1290.8	1580.8	3639.6	5624.7	3343.8	4149.3	4755.3	9128.3	13736.5
Japan	90.0	210.6	162.9	-35.8	204.4	230.7	115.5	23.4	12.5	245.5
Developing counries	2227.7	2727.9	2603.3	4703.4	5314.5	7030.6	4709.3	5850.0	7996.0	11265.5
Africa	362.4	490.0	586.7	632.3	706.3	475.8	640.9	833.4	794.6	1875.7
Latin America	1164.0	1492.0	1119.2	2937.3	3659.3	4064.3	2396.2	2787.5	4134.1	6235.0
West Asia	28.1	118.9	137.8	16.1	-552.8	690.3	127.4	634.2	1204.3	481.1
Total Asia & Oceania	602.4	558.6	704.1	1023.9	1416.1	1662.3	1508.9	1535.8	1793.3	2415.3

Source: International Monetary Fund, Balance of Payments Tape
Information from OECD Secretariat and Data from National Sources

Table 2b. Value of FDI Inflows by Region, 1980-87
(In million US Dollars)

Region	1980	1981	1982	1983	1984	1985	1986	1987
All countries	52462.3	57140.7	44136.5	44120.4	49886.3	48759.6	74016.7	101694.3
Developed Market Econ.	41257.5	42374.3	29862.0	33355.0	38500.6	36020.4	60445.9	81506.9
Europe	21548.5	16925.7	14665.3	16118.4	9622.0	16575.6	21753.6	31041.1
N. America	17428.9	22639.8	11952.0	13650.0	27912.0	17602.8	35186.8	46105.7
Japan	286.3	188.7	441.6	406.2	-10.3	629.5	234.6	1189.6
Developing counries	11203.5	14764.0	14274.5	10765.4	11385.7	12739.2	13570.8	20187.4
Africa	311.4	1556.6	1409.8	1595.1	1332.5	2350.2	2056.6	1854.7
Latin America	7159.3	7164.6	7369.0	3915.7	4070.5	5171.4	5131.1	8775.0
West Asia	347.1	393.5	395.0	309.1	606.5	381.6	417.8	703.2
Total Asia & Oceania	3317.1	5502.2	5024.2	4856.8	5244.7	4703.8	5845.6	8707.2

Source: International Monetary Fund, Balance of Payments Tape
Information from OECD Secretariat and Data from National Sources

Change in Regional Inflow of Foreign Direct Investment, 1980-87
(In million US Dollars)

Region	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
All countries		401.40	519.00	5975.40	8103.00	-4610.30	-2975.20	5855.30	8248.00	11282.50
Developed Market Econ.		-98.90	643.70	3875.40	7491.80	-6326.40	-653.90	4714.60	6102.00	8139.10
Europe		667.20	623.50	2933.60	3374.90	-2568.40	-1910.40	4358.50	1096.40	3774.70
N. America		-1035.20	290.00	2058.80	1985.10	-2280.90	805.50	606.00	4373.00	4608.20
Japan		120.60	-47.70	-198.70	240.20	26.30	-115.20	-92.10	-10.90	233.00
Developing counries		500.20	-124.60	2100.10	611.10	1716.10	-2321.30	1140.70	2146.00	3269.50
Africa		127.60	96.70	45.60	74.00	-230.50	165.10	192.50	-38.80	1081.10
Latin America		328.00	-372.80	1818.10	722.00	405.00	-1668.10	391.30	1346.60	2100.90
West Asia		90.80	18.90	-121.70	-568.90	1243.10	-562.90	506.80	570.10	-723.20
Total Asia & Oceania		-43.80	145.50	319.80	392.20	246.20	-153.40	26.90	257.50	622.00

Source: International Monetary Fund, Balance of Payments Tape
Information from OECD Secretariat and Data from National Sources

Table 4. Average Value of FDI Inflows by Region,1970-87
1970-87 (In million US Dollars)

	********	********	** Annual	Average	********	*********	*********
Region	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
All countries	15772.48	28206.42	49549.24	74823.53	21989.45	59027.10	38450.63
Developed Market Econ.	12257.12	20861.36	37069.88	59324.40	16559.24	45415.33	29384.17
Europe	7870.78	12425.58	15775.98	23123.43	10148.18	18531.28	13874.00
N. America	2892.38	7022.64	18716.54	32965.10	4957.51	24059.75	13447.39
Japan	126.42	125.52	262.50	684.57	125.97	420.78	256.99
Developing counries	3515.36	7370.28	12478.62	15499.13	5442.82	13611.31	9073.26
Africa	555.54	924.08	1241.08	2087.17	739.81	1558.36	1103.61
Latin America	2074.36	3923.42	5935.82	6359.17	2998.89	6094.58	4374.75
West Asia	-50.38	627.46	410.24	500.87	288.54	444.23	357.73
Total Asia & Oceania	861.02	1783.12	4789.00	6418.87	1322.07	5400.20	3134.57

Source: Computed from Table 2a & 2b

Table 5. Average Growth Rate of FDI Inflows by Region, 1970-87
1970-87 (In million US Dollars)

	********	********	** Annual	Average	********	*********	*********
Region	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
All countries	23.77	12.62	2.40	23.08	16.57	12.23	14.64
Developed Market Econ.	24.30	11.48	3.08	24.16	16.03	13.41	14.86
Europe	24.14	7.65	-9.94	30.88	13.52	9.16	11.58
N. America	28.51	23.10	15.15	18.40	25.57	16.82	21.68
Japan	22.62	6.55	-19.49	58.43	13.72	28.05	20.08
Developing counries	21.95	16.15	0.19	18.93	18.45	8.19	13.89
Africa	15.48	25.31	-8.75	8.34	22.73	-0.17	12.55
Latin America	30.07	13.13	-7.29	24.66	18.79	5.21	12.75
West Asia	288.26	32.96	6.11	6.44	17.44	6.25	12.47
Total Asia & Oceania	23.63	11 21	11.82	17.98	15.24	14.56	14.94

Source: Computed from Table 2a & 2b

Table 6a. Distribution of FDI Inflows by Region, 1980-87
(Percent of Global)

Region	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
All countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Developed Market Econ.	79.98	76.34	78.40	73.91	79.66	67.33	74.60	76.02	75.51	74.64
Europe	45.96	50.14	53.16	51.81	48.66	47.15	44.41	51.62	41.93	39.76
N. America	20.90	11.19	13.12	20.19	21.53	15.54	22.38	19.49	27.96	31.27
Japan	0.81	1.83	1.35	-0.20	0.78	1.07	0.62	0.10	0.04	0.56
Developing counries	20.02	23.66	21.60	26.09	20.34	32.67	25.40	23.98	24.49	25.65
Africa	3.26	4.25	4.87	3.51	2.70	2.21	3.46	3.42	2.43	4.27
Latin America	10.46	12.94	9.29	16.30	14.01	18.89	12.92	11.43	12.66	14.19
West Asia	0.25	1.03	1.14	0.09	-2.12	3.21	0.69	2.60	3.69	1.10
Total Asia & Oceania	5.41	4.84	5.84	5.68	5.42	7.73	8.14	6.29	5.49	5.50

Source: Computed from Table 2a & 2b

Table 6b. Distribution of FDI Inflows by Region, 1980-87
(Percent of Global)

Region	1980	1981	1982	1983	1984	1985	1986	1987
All countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Developed Market Econ.	78.64	74.16	67.66	75.60	77.18	73.87	81.67	80.15
Europe	41.07	29.62	33.23	36.53	19.29	33.99	29.39	30.52
N. America	33.22	39.62	27.08	30.94	55.95	36.10	47.54	45.34
Japan	0.55	0.33	1.00	0.92	-0.02	1.29	0.32	1.17
Developing counries	21.36	25.84	32.34	24.40	22.82	26.13	18.33	19.85
Africa	0.59	2.72	3.19	3.62	2.67	4.82	2.78	1.82
Latin America	13.65	12.54	16.70	8.88	8.16	10.61	6.93	8.63
West Asia	0.66	0.69	0.89	0.70	1.22	0.78	0.56	0.69
Total Asia & Oceania	6.32	9.63	11.38	11.01	10.51	9.65	7.90	8.56

Source: Computed from Table 2a & 2b

Table 7. Av. Distribution of FDI Inflows by Region, 1970-87
(Annual average in percent)

	********	********	** Annual	Average	********	*********	*********		
Region	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87	Maximum	Minimum
All countries	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Developed Market Econ.	77.66	73.62	74.65	78.56	75.64	76.12	75.85	81.67	67.33
Europe	49.94	44.97	31.95	31.30	47.46	31.71	40.46	53.16	19.29
N. America	17.39	23.33	37.36	42.99	20.36	39.47	28.85	55.95	11.19
Japan	0.91	0.48	0.56	0.93	0.70	0.69	0.70	1.83	-0.20
Developing counries	22.34	26.44	25.35	21.44	24.39	23.88	24.17	32.67	18.33
Africa	3.72	3.16	2.56	3.14	3.44	2.78	3.14	4.87	0.59
Latin America	12.60	14.02	11.98	8.72	13.31	10.76	12.18	18.89	6.93
West Asia	0.08	2.26	0.83	0.68	1.17	0.78	0.99	3.69	-2.12
Total Asia & Oceania	5.44	6.63	9.77	8.70	6.04	9.31	7.52	11.38	4.84
As percent of developing	<<----------	----------	----------	100.00	----------	----------	----------->>		
Africa	16.64	11.94	10.10	14.65	14.09	11.63	13.01	ERR	ERR
Latin America	56.38	53.03	47.27	40.69	54.56	45.05	50.39	ERR	ERR
West Asia	0.36	8.53	3.28	3.17	4.79	3.24	4.11	ERR	ERR
Total Asia & Oceania	24.35	25.08	38.54	40.59	24.74	39.23	31.11	ERR	ERR

Source: Computed from Table 6a & 6b

Table 8a. Value of FDI Inflows to African Countries, 1970-79
(In million US dollars)

	1971	1972	1973	1974	1975	1976	1977	1978	1979
Africa	490.00	586.70	632.30	706.30	475.80	640.90	833.40	794.60	1875.70
Algeri *	-150.40	19.50	51.30	358.40	119.00	187.00	178.60	135.20	25.80
Angola *	1.90	2.20	7.50	6.70	0.10	-1.20	0.00	1.90	2.00
Benin	2.80	4.80	3.50	-2.30	1.90	2.40	3.20	0.80	3.60
Botswana	0.00	0.00	0.00	0.00	-38.20	11.30	12.30	40.80	127.90
Burundi	0.00	0.40	0.40	0.20	0.30	0.10	-0.20	0.90	-0.30
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	0.70	1.50	-0.20	5.80	5.60	3.70	-2.80	6.10	22.70
Chad	0.30	-0.10	6.10	13.80	20.30	26.80	21.10	34.20	0.00
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo *	48.70	66.30	68.30	46.10	15.40	1.40	2.00	4.00	16.50
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt *	0.00	0.00	0.00	0.00	8.50	61.20	105.10	318.00	1215.80
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	5.70	9.70	30.90	28.90	19.30	4.30	5.80	0.00	0.00
Gabon *	15.70	17.40	15.90	79.60	166.90	38.70	34.90	56.60	55.00
Gambia, The	1.70	1.70	1.40	1.20	0.10	0.90	0.00	2.10	11.80
Ghana	30.60	11.50	14.40	10.50	70.90	-18.20	19.30	9.60	-2.80
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	15.70	18.70	51.00	32.60	69.10	44.80	14.70	83.30	74.80
Kenya	12.40	0.00	0.00	0.00	17.10	46.40	56.50	34.40	84.00
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liberia	0.00	0.00	0.00	0.00	80.70	39.10	44.70	0.00	0.00
Libya *	140.20	-2.20	-166.60	-239.30	-614.40	-519.50	-451.80	-692.40	-587.90
Madgascar	-2.00	11.90	10.70	13.20	4.90	1.20	-2.30	-3.80	-6.50
Malawi	9.60	10.10	7.70	22.70	8.60	9.70	5.50	9.10	-1.20
Mali	-0.60	3.40	0.60	0.00	2.70	2.50	3.00	0.90	0.00
Mauritania	0.00	0.00	9.80	1.90	-122.80	1.50	4.10	2.90	63.20
Mauritius	1.30	-0.30	-1.40	2.40	3.90	3.10	2.20	4.40	1.80
Morocco	23.10	13.00	-1.20	-20.40	0.00	38.10	57.20	47.60	38.80
Mozambique	0.00	5.50	4.00	2.00	6.70	-12.60	0.00	2.00	2.40
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	-5.30	0.90	1.00	7.00	22.60	10.00	12.80	42.70	46.80
Nigeri *	285.80	305.10	373.10	257.40	417.70	339.40	439.00	212.80	310.10
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0 00
Rwanda	1.70	0.50	2.00	2.20	3.00	5.90	4.90	4.60	12.50
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	9.80	15.20	4.90	10.20	22.60	35.90	28.00	-5.00	8.90
Seychelles	0.00	0.00	0.00	0.00	0.00	6.30	7.10	6.40	7.50
Sierra Leone	5.20	3.80	4.10	10.50	10.10	8.50	5.00	24.30	16.00
Somalia	1.70	4.50	0.60	0.70	6.70	2.20	7.80	0.30	0.00
Sudan	-1.10	0.30	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Swaziland	0.00	0.00	0.00	3.50	14.40	7.40	20.00	21.80	55.40
Togo	4.60	1.20	3.30	-39.10	5.20	5.80	11.60	93.10	52.80
Tunisia	23.10	32.60	58.40	27.70	44.90	109.70	93.40	91.40	49.10
Uganda	-1.20	-11.90	5.20	1.70	2.10	1.20	0.80	1.00	1.60
Camero *	1.70	3.30	3.10	21.60	27.10	16.40	8.80	40.60	62.10
Tanzania	5.20	7.70	6.00	-2.10	-0.90	6.60	2.90	6.10	8.00
Burkina Faso	1.00	0.70	4.40	2.60	0.20	2.10	5.00	1.10	1.60
Zaire	0.00	0.00	0.00	0.00	15.80	79.70	59.50	115.20	60.70
Zambia	0.00	29.30	32.20	38.50	37.60	31.20	17.50	38.80	34.90
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	-3.90	2.50	0.10

Source: Based on International Monetary Fund, Balance of Payments Tape (CTC print out)

Table 8b. Value of FDI Inflows to African Countries, 1980-87
(In million US dollars)

	1981	1982	1983	1984	1985	1986	1987
Africa	1556.60	1409.80	1595.10	1332.50	2350.20	2056.60	1854.70
Algeria	13.00	-54.10	0.00	1.00	0.00	0.00	0.00
Angola	49.00	115.80	104.30	67.10	19.90	11.00	-37.90
Benin	2.10	0.00	0.00	0.00	0.00	0.00	0.00
Botswana	88.40	21.10	23.80	62.10	53.60	90.50	125.20
Burundi	11.10	0.90	3.00	1.20	0.20	0.20	0.50
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	5.80	9.20	4.50	5.10	2.90	8.20	5.40
Chad	0.00	0.00	0.00	9.20	53.60	28.20	4.00
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo	30.90	35.30	56.10	35.00	12.70	22.40	23.40
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	752.30	293.70	489.60	728.80	1177.80	1217.70	1041.40
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gabon	54.60	131.80	111.80	8.10	15.10	110.30	89.90
Gambia, The	2.10	0.00	0.00	0.00	0.00	0.00	6.80
Ghana	16.30	16.30	2.40	2.10	5.60	4.30	4.70
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	32.80	47.50	37.50	3.00	29.10	107.50	46.50
Kenya	14.10	13.00	23.70	10.80	18.10	32.70	20.50
Lesotho	4.80	3.10	4.80	2.40	4.80	2.10	3.10
Liberia	0.00	34.80	49.10	36.20	-16.20	-5.70	19.60
Libya	-744.00	-391.90	-327.10	-46.10	30.50	-80.90	0.00
Madgascar	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malawi	1.10	0.00	2.60	0.00	0.50	0.00	0.00
Mali	3.70	1.50	3.10	4.10	4.50	4.30	4.30
Mauritania	12.50	15.00	1.40	8.50	7.00	4.50	6.60
Mauritius	0.70	1.80	1.60	4.90	8.00	7.40	6.80
Morocco	59.00	79.50	46.00	47.20	20.30	20.30	20.30
Mozambique	0.40	1.90	2.50	-2.90	0.30	-0.10	-0.40
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	-6.10	28.30	1.20	1.40	1.20	1.20	1.20
Nigeria	546.00	429.50	353.80	188.60	341.20	195.90	241.90
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	18.00	20.80	11.10	15.10	14.60	17.60	17.60
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	34.30	28.00	-34.70	29.10	0.00	0.00	0.00
Seychelles	10.10	10.00	9.20	9.90	11.70	14 20	11.90
Sierra Leone	7.50	4.60	1.70	5.80	-3.80	-6.50	0.00
Somalia	0.00	-0.80	-8.20	-15.00	-0.70	-0.10	0.00
Sudan	0.00	0.00	0.00	8.80	-2.80	0.00	0.00
Swaziland	38.80	-9.20	1.30	3.80	11.10	21.50	18.40
Togo	10.10	16.10	1.50	-9.90	0.00	0.00	0.00
Tunisia	296.00	340.00	183.90	113.80	107.60	63.40	90.50
Uganda	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cameroon	135.40	111.40	213.80	17.60	315.40	38.00	123.70
Tanzania	18.90	17.30	1.50	-8.40	14.50	-7.20	-4.50
Burkina Faso	2.50	2.00	2.00	1.60	0.00	0.00	0.00
Zaire	69.60	-2.40	192.80	-32.40	69.20	5.60	-57.10
Zambia	-38.90	38.60	25.70	17.40	20.00	20.00	20.00
Zimbabwe	3.80	-0.70	-2.00	-2.50	2.80	5.20	0.50

Source: Based on International Monetary Fund, Balance of Payments Tape (print out)

Table 9. Averagr FDI Inflows to African Countries, 1970-79
(In million US dollars)

	1970-74	1975-79	1970-79	1980-84	1985-87	1980-87	1970-87
Africa	555.54	924.08	739.81	1241.08	2087.17	1558.36	1103.61
	-67.60	-585.28	-305.26	-524.50	-22.27	-332.28	-312.43
Algeria	65.16	129.12	97.14	61.74	0.00	38.59	71.12
Angola	4.14	0.56	2.35	74.72	-2.33	45.83	21.67
Benin	3.10	2.38	2.74	1.28	0.00	0.80	1.88
Botswana	0.00	30.82	15.41	61.38	89.77	72.03	40.57
Burundi	0.22	0.16	0.19	4.16	0.30	2.71	1.31
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	1.80	7.06	4.43	5.98	5.50	5.80	5.04
Chad	4.14	20.48	12.31	1.84	28.60	11.88	12.12
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo	45.88	7.86	26.87	39.48	19.50	31.99	29.14
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	341.72	170.86	562.46	1145.63	781.15	442.10
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	15.82	5.88	10.85	0.00	0.00	0.00	6.03
Gabon	25.58	70.42	48.00	67.56	71.77	69.14	57.39
Gambia, The	1.22	2.98	2.10	0.42	2.27	1.11	1.66
Ghana	26.96	15.76	21.36	10.54	4.87	8.41	15.61
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	29.74	57.34	43.54	43.08	61.03	49.81	46.33
Kenya	5.24	47.68	26.46	28.12	23.77	26.49	26.47
Lesotho	0.00	0.00	0.00	3.94	3.33	3.71	1.65
Liberia	0.00	32.90	16.45	24.02	-0.77	14.73	15.68
Libya	-21.78	-573.20	-297.49	-519.70	-16.80	-331.11	-312.43
Madgascar	8.76	-1.30	3.73	0.00	0.00	0.00	2.07
Malawi	11.74	6.34	9.04	2.64	0.17	1.71	5.78
Mali	0.68	1.82	1.25	2.94	4.37	3.48	2.24
Mauritania	2.50	-10.22	-3.86	12.90	6.03	10.33	2.44
Mauritius	0.72	3.08	1.90	2.04	7.40	4.05	2.86
Morocco	6.90	36.34	21.62	64.30	20.30	47.80	33.26
Mozambique	2.36	-0.30	1.03	1.26	-0.07	0.76	0.91
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	0.84	26.98	13.91	14.78	1.20	9.69	12.03
Nigeria	285.28	343.80		155.72	259.67	194.70	86.53
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	1.24	6.18	3.71	16.28	16.60	16.40	9.35
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	9.02	18.08	13.55	14.22	0.00	8.89	11.48
Seychelles	0.00	5.46	2.73	9.74	12.60	10.81	6.32
Sierra Leone	6.36	12.78	9.57	0.20	-3.43	-1.16	4.80
Somalia	2.40	3.40	2.90	-4.80	-0.27	-3.10	0.23
Sudan	-0.16	0.00	-0.08	1.76	-0.93	0.75	0.29
Swaziland	0.70	23.80	12.25	12.22	17.00	14.01	13.03
Togo	-5.86	33.70	13.92	12.02	0.00	7.51	11.07
Tunisia	31.56	77.70	54.63	233.60	87.17	178.69	109.77
Uganda	-0.40	1.34	0.47	0.00	0.00	0.00	0.26
Cameroon	9.14	31.00	20.07	121.60	159.03	135.64	71.43
Tanzania	3.98	4.54	4.26	6.78	0.93	4.59	4.41
Burkina Faso	1.82	2.00	1.91	1.62	0.00	1.01	1.51
Zaire	8.40	66.18	37.29	67.44	5.90	44.36	40.43
Zambia	-39.40	32.00	-3.70	20.80	20.00	20.50	7.06
Zimbabwe	0.00	-0.26	-0.13	0.04	2.83	1.09	0.41

Source: Computed from Table 8a & 8b

Table 10a. Distrib. of FDI Inflows among African Countries, 1970-79
(As percent Africa total)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Africa	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Algeria	12.97	-30.69	3.32	8.11	50.74	25.01	29.18	21.43	17.01	1.38
Angola	0.66	0.39	0.37	1.19	0.95	0.02	-0.19	0.00	0.24	0.11
Benin	1.85	0.57	0.82	0.55	-0.33	0.40	0.37	0.38	0.10	0.19
Botswana	0.00	0.00	0.00	0.00	0.00	-8.03	1.76	1.48	5.13	6.82
Burundi	0.03	0.00	0.07	0.06	0.03	0.06	0.02	-0.02	0.11	-0.02
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	0.33	0.14	0.26	-0.03	0.82	1.18	0.58	-0.34	0.77	1.21
Chad	0.17	0.06	-0.02	0.96	1.95	4.27	4.18	2.53	4.30	0.00
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo	0.00	9.94	11.30	10.80	6.53	3.24	0.22	0.24	0.50	0.98
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	0.00	0.00	0.00	0.00	1.79	9.55	12.61	40.02	64.82
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	1.08	1.16	1.65	4.89	4.09	4.06	0.67	0.70	0.00	0.00
Gabon	-0.19	3.20	2.97	2.51	11.27	35.08	6.04	4.19	7.12	2.93
Gambia, The	0.03	0.35	0.29	0.22	0.17	0.02	0.14	0.00	0.26	0.63
Ghana	18.71	6.24	1.96	2.28	1.49	14.90	-2.84	2.32	1.21	-0.15
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	8.47	3.20	3.19	8.07	4.62	14.52	6.99	1.76	10.48	3.99
Kenya	3.81	2.53	0.00	0.00	0.00	3.59	7.24	6.78	4.33	4.48
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Liberia	0.00	0.00	0.00	0.00	0.00	16.96	6.10	5.36	0.00	0.00
Libya	38.36	28.61	-0.37	-23.19	-33.88	-129.13	-81.06	-54.21	-87.14	-31.34
Madgascar	2.76	-0.41	2.03	1.69	1.87	1.03	0.19	-0.28	-0.48	-0.35
Malawi	2.37	1.96	1.72	1.22	3.21	1.81	1.51	0.66	1.15	-0.06
Mali	0.00	-0.12	0.58	0.09	0.00	0.57	0.39	0.36	0.11	0.00
Mauritania	0.22	0.00	0.00	1.55	0.27	-25.81	0.23	0.49	0.36	3.37
Mauritius	0.44	0.27	0.05	-0.22	0.34	0.82	0.48	0.26	0.55	0.10
Morocco	5.52	4.71	2.22	-0.19	-2.89	0.00	5.94	6.86	5.99	2.07
Mozambique	0.08	0.00	0.94	0.63	0.28	1.41	-1.97	0.00	0.25	0.13
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	0.17	-1.08	0.15	0.16	0.99	4.75	1.56	1.54	5.37	2.50
Nigeria	56.57	58.33	52.00	59.01	36.44	87.79	52.96	52.68	26.78	16.53
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	-0.06	0.35	0.09	0.32	0.31	0.63	0.92	0.59	0.58	0.67
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	1.38	2.00	2.59	0.77	1.44	4.75	5.60	3.36	-0.63	0.47
Seychelles	0.00	0.00	0.00	0.00	0.00	0.00	0.98	0.85	0.81	0.40
Sierra Leone	2.26	1.06	0.65	0.65	1.49	2.12	1.33	0.60	3.06	0.85
Somalia	1.24	0.35	0.77	0.09	0.10	1.41	0.34	0.94	0.04	0.00
Sudan	0.00	-0.22	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Swaziland	0.00	0.00	0.00	0.00	0.50	3.03	1.15	2.40	2.74	2.95
Togo	0.19	0.94	0.20	0.52	-5.54	1.09	0.90	1.39	11.72	2.81
Tunisia	4.42	4.71	5.56	9.24	3.92	9.44	17.12	11.21	11.50	2.62
Uganda	1.16	-0.24	-2.03	0.82	0.24	0.44	0.19	0.10	0.13	0.09
Cameroon	4.42	0.35	0.56	0.49	3.06	5.70	2.56	1.06	5.11	3.31
Tanzania	0.86	1.06	1.31	0.95	-0.30	-0.19	1.03	0.35	0.77	0.43
Burkina Faso	0.11	0.20	0.12	0.70	0.37	0.04	0.33	0.60	0.14	0.09
Zaire	11.59	0.00	0.00	0.00	0.00	3.32	12.44	7.14	14.50	3.24
Zambia	-81.95	0.00	4.99	5.09	5.45	7.90	4.87	2.10	4.88	1.86
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-0.47	0.31	0.01

Source: Computed from Table 8a

Table 10b. Dist. of FDI Inflows among African Countries, 1980-87
(As percent of Africa total)

	1980	1981	1982	1983	1984	1985	1986	1987
Africa	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Algeria	112.01	0.84	-3.84	0.00	0.08	0.00	0.00	0.00
Angola	12.01	3.15	8.21	5.54	5.04	0.85	0.53	-2.04
Benin	1.38	0.13	0.00	0.00	0.00	0.00	0.00	0.00
Botswana	35.81	5.68	1.50	1.49	4.66	2.28	4.40	6.75
Burundi	1.48	0.71	0.06	0.19	0.09	0.01	0.01	0.03
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	1.70	0.37	0.65	0.28	0.38	0.12	0.40	0.29
Chad	0.00	0.00	0.00	0.00	0.69	2.28	1.37	0.22
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo	12.88	1.99	2.50	3.52	2.63	0.54	1.09	1.26
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	175.95	48.33	20.83	30.69	54.69	50.11	59.21	56.15
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gabon	10.12	3.51	9.35	7.01	0.61	0.64	5.36	4.85
Gambia, The	0.00	0.13	0.00	0.00	0.00	0.00	0.00	0.37
Ghana	5.01	1.05	1.16	0.15	0.16	0.24	0.21	0.25
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	30.38	2.11	3.37	2.35	0.23	1.24	5.23	2.51
Kenya	25.37	0.91	0.92	1.49	0.81	0.77	1.59	1.11
Lesotho	1.48	0.31	0.22	0.30	0.18	0.20	0.10	0.17
Liberia	0.00	0.00	2.47	3.08	2.72	-0.69	-0.28	1.06
Libya	-349.84	-47.80	-27.80	-20.51	-3.46	1.30	-3.93	0.00
Madgascar	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malawi	3.05	0.07	0.00	0.16	0.00	0.02	0.00	0.00
Mali	0.74	0.24	0.11	0.19	0.31	0.19	0.21	0.23
Mauritania	8.70	0.80	1.06	0.09	0.64	0.30	0.22	0.36
Mauritius	0.39	0.04	0.13	0.10	0.37	0.34	0.36	0.37
Morocco	28.84	3.79	5.64	2.88	3.54	0.86	0.99	1.09
Mozambique	1.41	0.03	0.13	0.16	-0.22	0.01	0.00	-0.02
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	15.77	-0.39	2.01	0.08	0.11	0.05	0.06	0.06
Nigeria	-237.41	35.08	30.47	22.18	14.15	14.52	9.53	13.04
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	5.27	1.16	1.48	0.70	1.13	0.62	0.86	0.95
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	4.62	2.20	1.99	-2.18	2.18	0.00	0.00	0.00
Seychelles	3.05	0.65	0.71	0.58	0.74	0.50	0.69	0.64
Sierra Leone	-5.97	0.48	0.33	0.11	0.44	-0.16	-0.32	0.00
Somalia	0.00	0.00	-0.06	-0.51	-1.13	-0.03	0.00	0.00
Sudan	0.00	0.00	0.00	0.00	0.66	-0.12	0.00	0.00
Swaziland	8.48	2.49	-0.65	0.08	0.29	0.47	1.05	0.99
Togo	13.58	0.65	1.14	0.09	-0.74	0.00	0.00	0.00
Tunisia	75.24	19.02	24.12	11.53	8.54	4.58	3.08	4.88
Uganda	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cameroon	41.68	8.70	7.90	13.40	1.32	13.42	1.85	6.67
Tanzania	1.48	1.21	1.23	0.09	-0.63	0.62	-0.35	-0.24
Burkina Faso	0.00	0.16	0.14	0.13	0.12	0.00	0.00	0.00
Zaire	35.20	4.47	-0.17	12.09	-2.43	2.94	0.27	-3.08
Zambia	19.65	-2.50	2.74	1.61	1.31	0.85	0.97	1.08
Zimbabwe	0.51	0.24	-0.05	-0.13	-0.19	0.12	0.25	0.03

Source: Computed from Table 8b

Table 11. Av. Dist. of FDI Inflows among African Countries, 1970-87
(As percent of Africa total)

	1970-74	1975-79	1970-79	1980-84	1985-87	1980-87	1970-87
Africa	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Algeria	8.89	18.80	13.85	21.82	0.00	13.64	13.75
Angola	0.71	0.04	0.37	6.99	-0.22	4.29	2.11
Benin	0.69	0.29	0.49	0.30	0.00	0.19	0.36
Botswana	0.00	1.43	0.72	9.83	4.48	7.82	3.87
Burundi	0.04	0.03	0.03	0.51	0.02	0.32	0.16
Cape Verde	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C. African Rep.	0.30	0.68	0.49	0.68	0.27	0.53	0.51
Chad	0.63	3.06	1.84	0.14	1.29	0.57	1.28
Comoros	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Congo	7.71	1.02	4.36	4.70	0.96	3.30	3.89
Djibouti	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Egypt	0.00	25.76	12.88	66.10	55.16	62.00	34.71
Eq. Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Ethiopia	2.57	1.08	1.83	0.00	0.00	0.00	1.02
Gabon	3.95	11.07	7.51	6.12	3.62	5.18	6.48
Gambia, The	0.21	0.21	0.21	0.03	0.12	0.06	0.15
Ghana	6.14	3.09	4.61	1.50	0.23	1.03	3.02
Guinea	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guinea-Bissau	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cote d'Ivoire	5.51	7.55	6.53	7.69	2.99	5.93	6.26
Kenya	1.27	5.28	3.28	5.90	1.16	4.12	3.65
Lesotho	0.00	0.00	0.00	0.50	0.16	0.37	0.16
Liberia	0.00	5.69	2.84	1.65	0.03	1.04	2.04
Libya	1.91	-76.58	-37.34	-89.88	-0.88	-56.50	-45.86
Madgascar	1.59	0.02	0.81	0.00	0.00	0.00	0.45
Malawi	2.10	1.01	1.55	0.66	0.01	0.41	1.05
Mali	0.11	0.29	0.20	0.32	0.21	0.28	0.23
Mauritania	0.41	-4.27	-1.93	2.26	0.29	1.52	-0.40
Mauritius	0.15	0.44	0.30	0.21	0.36	0.26	0.28
Morocco	1.87	4.17	3.02	8.94	0.98	5.95	4.33
Mozambique	0.39	-0.04	0.18	0.30	0.00	0.19	0.18
Namibia	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Niger	0.08	3.14	1.61	3.51	0.06	2.22	1.88
Nigeria	52.47	47.35	49.91	-27.11	12.36	-12.31	22.26
Reunion	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Rwanda	0.20	0.68	0.44	1.95	0.81	1.52	0.92
Sao Tome & Principe	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Senegal	1.64	2.71	2.17	1.76	0.00	1.10	1.70
Seychelles	0.00	0.61	0.30	1.15	0.61	0.94	0.59
Sierra Leone	1.22	1.59	1.41	-0.92	-0.16	-0.64	0.50
Somalia	0.51	0.55	0.53	-0.34	-0.01	-0.22	0.20
Sudan	-0.03	0.00	-0.02	0.13	-0.04	0.07	0.02
Swaziland	0.10	2.46	1.28	2.14	0.84	1.65	1.44
Togo	-0.74	3.58	1.42	2.95	0.00	1.84	1.61
Tunisia	5.57	10.38	7.97	27.69	4.18	18.87	12.82
Uganda	-0.01	0.19	0.09	0.00	0.00	0.00	0.05
Cameroon	1.77	3.55	2.66	14.60	7.31	11.87	6.75
Tanzania	0.78	0.48	0.63	0.68	0.01	0.43	0.54
Burkina Faso	0.30	0.24	0.27	0.11	0.00	0.07	0.18
Zaire	2.32	8.13	5.22	9.83	0.05	6.16	5.64
Zambia	-13.28	4.32	-4.48	4.56	0.97	3.21	-1.06
Zimbabwe	0.00	-0.03	-0.01	0.08	0.13	0.10	0.04

Source: Computed from Table 10a & 10b

Table 12a. Growth Rate of FDI Inflows to African Countries, 1970–87
(As percent of African total)

	1970-74	1975-79	1970-79	1980-84	1985-87	1980-87	1970-87
Africa	15.48	25.31	22.73	20.57	8.34	14.15	18.91
Algeria	119.48	-51.52	-2.42	-140.83	ERR	-129.13	-58.74
Angola	25.97	-167.86	-1.89	9.94	1500.00	-23.47	-11.48
Benin	-72.58	49.58	-12.57	-83.98	ERR	-76.79	-41.11
Botswana	ERR	83.00	92.22	-20.12	23.43	2.72	52.44
Burundi	11.36	-62.50	-23.39	-20.43	-77.78	-21.59	-22.59
Cape Verde	ERR	ERR	ERR	ERR	ERR	ERR	ERR
C. African Rep.	63.89	47.88	53.93	-0.84	1.82	0.25	30.07
Chad	79.71	-13.48	-0.54	125.00	-6.06	4.81	1.84
Comoros	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Congo	25.12	-75.32	6.82	-3.23	-19.83	-7.46	0.48
Djibouti	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Egypt	ERR	71.16	79.06	8.04	9.10	9.03	47.94
Eq. Guinea	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Ethiopia	39.51	-98.30	-3.99	ERR	ERR	ERR	ERR
Gabon	78.48	-6.99	12.89	-8.66	37.99	12.07	12.53
Gambia, The	22.54	71.14	61.90	0.00	100.00	87.32	73.20
Ghana	-53.13	-16.88	-36.72	-32.02	17.81	-18.51	-28.63
Guinea	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Guinea-Bissau	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Cote d'Ivoire	1.60	14.72	11.25	-53.16	23.76	-13.79	0.12
Kenya	-65.84	35.23	29.48	-60.63	13.60	-31.55	2.35
Lesotho	ERR	ERR	ERR	-13.96	7.00	-5.77	ERR
Liberia	ERR	0.00	0.00	37.68	721.74	19.02	8.45
Libya	434.23	12.16	27.15	-50.19	-91.47	-47.00	-5.81
Madgascar	9.13	303.08	-49.15	ERR	ERR	ERR	ERR
Malawi	30.03	-75.39	-12.05	-89.96	0.00	-79.25	-41.91
Mali	0.00	0.00	0.00	15.31	1.53	8.22	3.65
Mauritania	11.00	-119.96	-179.62	-36.05	-10.50	-28.36	-112.40
Mauritius	27.78	-3.90	1.17	45.34	8.56	19.75	9.43
Morocco	-146.38	32.58	9.66	-16.56	-44.17	-20.77	-3.86
Mozambique	18.01	-26.67	22.65	-144.84	-1250.00	-89.93	-27.38
Namibia	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Niger	190.48	29.50	36.90	-80.68	-5.56	-70.64	-10.89
Nigeria	4.59	3.07	ERR	148.97	6.84	71.99	ERR
Reunion	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Rwanda	48.39	33.33	38.04	-2.00	5.02	1.05	21.60
Sao Tome & Principe	ERR	ERR	ERR	ERR	ERR	ERR	ERR
Senegal	14.41	-1.44	3.20	25.84	ERR	-23.15	-8.51
Seychelles	ERR	27.47	30.53	1.03	5.29	3.17	18.37
Sierra Leone	9.04	8.61	9.06	3050.00	56.31	-228.57	-96.56
Somalia	-39.58	-4.12	-17.24	78.13	-1875.00	0.00	-9.58
Sudan	0.00	ERR	0.00	125.00	314.29	0.00	0.00
Swaziland	125.00	43.61	50.25	-46.24	28.63	-8.16	24.29
Togo	169.80	54.54	41.59	-108.57	ERR	-80.44	-12.65
Tunisia	9.27	5.51	6.73	-12.90	-8.91	-11.50	-1.37
Uganda	156.25	-1.49	-61.47	ERR	ERR	ERR	ERR
Cameroon	15.32	26.13	25.52	-23.07	22.24	-0.64	13.89
Tanzania	-32.66	44.49	12.78	-47.94	139.29	-28.34	-5.49
Burkina Faso	30.22	-10.00	6.98	24.69	ERR	0.00	3.88
Zaire	-125.00	18.34	5.57	-52.64	-139.55	-53.68	-20.76
Zambia	-212.88	-2.25	-996.70	-52.64	4.33	-28.71	-566.48
Zimbabwe	ERR	-7.69	-8.55	-2562.50	35.29	-14.45	-11.17
	ERR	ERR	ERR	ERR	ERR	ERR	ERR

Source: Based on International Monetary Fund, Balance of Payments Tape (print out)

Table 12b. Concentration of FDI Inflows to Africa, 1970-87
(as percent of Africa total)

Cumulati	<<------	--------	---Cummu	ative pe	cent----	--------	-------->>
Countrie	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
1	52.47	47.35	66.10	55.16	49.91	62.00	34.97
2	61.36	73.10	93.79	67.52	63.75	80.87	56.97
3	69.07	91.91	115.60	74.83	76.63	94.50	70.72
4	75.21	102.98	130.21	79.31	84.61	106.37	83.54
5	80.78	113.35	140.04	83.49	92.12	114.19	90.29
6	86.29	121.48	149.86	87.11	98.65	120.35	96.76
7	90.24	129.03	158.80	90.10	103.87	126.31	103.03
8	92.81	134.71	166.49	91.39	108.48	132.24	108.66
9	95.13	140.00	173.48	92.54	112.84	137.42	112.99
10	97.23	144.32	179.60	93.52	116.12	141.70	116.88

Source: Sorted and cumulated from Table 10a & 10b

Level of concentration exceeding 100 percent arises from the subtraction of disinvestment from total FDI inflows

Table 13a. TOP TEN African FDI Recepients

Rank	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
1	Nigeria	Nigeria	Egypt	Egypt	Nigeria	Egypt	Egypt
2	Algeria	Egypt	Tunisia	Nigeria	Algeria	Tunisia	Nigeria
3	Congo	Algeria	Algeria	Cameroon	Egypt	Algeria	Algeria
4	Ghana	Gabon	Cameroon	Botswana	Tunisia	Cameroon	Tunisia
5	Tunisia	Tunisia	Zaire	Tunisia	Gabon	Botswana	Cameroon
6	Cote d'I	Zaire	Botswana	Gabon	Cote d'I	Zaire	Gabon
7	Gabon	Cote d'I	Morocco	Cote d'C	Zaire	Morocco	Cote d'IV
8	Ethiopia	Liberia	Cote d'I	Chad	Ghana	Cote d'I	Zaire
9	Zaire	Kenya	Angola	Kenya	Congo	Gabon	Morocco
10	Malawi	Zambia	Gabon	Morocco	Kenya	Angola	Congo

Source: Sorted and compiled from Table 10a & 10b

Table 14. Frequency Distribution of Share in FDI Inflows, 1970–87
(as percent of Africa total)

Percent	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87		Percent	1970-7	1975-7	1980-8	1985-8	1970-7	1980-8	1970-8
75-99	0	0	0	0	0	0	0	75-99	> 50	1	0	1	1	0	1	0
60-74	0	0	1	0	0	1	0	60-74	25-49	0	2	0	0	1	0	0
50-59	1	0	0	1	0	0	0	50-59	10-24	0	3	5	1	2	3	0
40-49	0	1	0	0	1	0	0	40-49	01-09	16	18	16	7	18	17	0
30-39	0	0	0	0	0	0	1	30-39	00-01	31	25	26	38	26	27	1
20-29	0	1	2	0	0	0	1	20-29	< 00	4	4	4	5	5	4	1
10-19	0	3	3	1	2	3	2	10-19	00-00	15	11	12	18	10	12	9
05-09	5	6	7	3	6	7	5	05-09	05-09							
01-04	11	12	9	4	12	10	13	01-04	01-04							
< 01	16	14	14	20	16	15	18	< 01	< 01							
00-00	15	11	12	18	10	12	9	00-00	00-00							
< 00	4	4	4	5	5	4	3	< 00	< 00							
All	52	52	52	52	52	52	52									

Source: Sorted and tabulated from Table 10a & 10b

Table 15. TOP Ten African FDI Receipts, 1970–87
(In million US dollars)

Rank	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
Africa	555.54	924.08	1241.08	2087.17	739.81	1558.36	1103.61
1	285.28	343.80	562.46	1145.63	314.54	781.15	442.10
2	65.16	341.72	233.60	259.67	170.86	194.70	261.28
3	45.88	129.12	155.72	159.03	97.14	178.69	109.77
4	31.56	77.70	121.60	89.77	54.63	135.64	71.43
5	29.74	70.42	74.72	87.17	48.00	72.03	71.12
6	26.96	66.18	76.56	71.77	43.54	69.14	57.39
7	25.58	57.34	67.44	61.03	37.29	49.81	46.33
8	15.82	47.68	64.30	28.60	26.87	47.80	40.57
9	11.74	36.34	61.74	23.77	26.46	45.83	40.43
10	9.14	33.70	61.38	20.30	21.62	44.36	33.26

Source: Sorted and compiled from Table 9

Table 13b. TOP TEN African FDI Recepients
(In terms of average annual value)

Rank	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
1	Nigeria	Nigeria	Egypt	Egypt	Nigeria	Egypt	Egypt
2	Algeria	Egypt	Tunisia	Nigeria	Egypt	Nigeria	Nigeria
3	Congo	Algeria	Nigeria	Cameroon	Algeria	Tunisia	Tunisia
4	Ghana	Tunisia	Cameroon	Botswana	Tunisia	Cameroon	Cameroon
5	Tunisia	Gabon	Angola	Tunisia	Gabon	Botswana	Algeria
6	Cote d'I	Zaire	Gabon	Gabon	Cote d'I	Gabon	Gabon
7	Gabon	Cote d'I	Zaire	Cote d'C	Zaire	Cote d'I	Cote d'IV
8	Ethiopia	Kenya	Morocco	Chad	Congo	Morocco	Botswana
9	Zaire	Morocco	Algeria	Kenya	Kenya	Angola	Zaire
10	Malawi	Togo	Botswana	Morocco	Morocco	Zaire	

Source: Sorted and compiled from Table 9

Table 16. Distribution of African Countries by FDI Level
(In million US Dollars)

Mill US	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87		Mill US$	1970-7	1975-7	1980-8	1985-8	1970-7	1980-8	1970-8
> 1000	0	0	0	1	0	0	0	> 1000	> 100	1	3	4	3	2	4	2
751-100	0	0	0	0	0	1	0	751-1000	50-99	1	4	6	4	2	2	3
501-750	0	0	1	0	0	0	0	501-750	26-49	5	8	3	1	5	7	6
251-500	1	2	0	1	1	0	1	251-500	10-25	2	5	9	7	11	7	8
101-250	0	1	3	1	1	3	1	101-250	01-09	18	14	13	10	15	14	17
076-100	0	1	0	2	1	0	0	076-100	< 01	5	2	3	3	2	3	5
051-075	1	3	6	2	1	2	3	051-075				0	0	0	0	0
026-050	5	8	3	1	5	7	6	026-050	Nill	15	11	12	17	10	12	10
011-025	2	5	9	7	11	7	8	011-025	Negative	5	5	2	7	5	3	1
001-010	18	14	13	10	15	14	17	001-010								
< 001	5	2	3	3	2	3	5	< 001								
Nill	15	11	12	17	10	12	10	Nill								
Negativ	5	5	2	7	5	3	1	Negative								
	52	52	52	52	52	52	52									

Table 17. Dispersion of FDI Inflows to Africa
(Cumulative value in million US Dollars)

Cumulative FDIinflow (Mill US	1970-74	1975-79	1980-84	1985-87	1970-79	1980-87	1970-87
	>>-----	------>>	Cumulative no. of countrie			<<-----	-------<
0	15	11	12	17	10	12	9
1	17	13	15	20	12	13	13
10	24	18	21	24	17	20	19
25	29	22	25	27	22	24	24
50	34	25	28	30	26	27	29
75	37	28	30	32	29	30	32
100	39	30	33	34	31	32	34

Table 18. Southern Africa: Selected Economic Indicators, 1965-86

	Botswana		Lesotho		Malawi		Swaziland		Zambia		Zimbabwe	
	1965-80	1980-8	1965-80	1980-8	1965-80	1980-8	1965-80	1980-8	1965-80	1980-8	1965-80	1980-8
Growth of Production												
GDP	14.3	11.9	6.6	0.9	6.1	2.4			1.8	-0.1	4.4	2.6
Agriculture	9.7	-9.8	. .	1.6	. .	2.5			2.2	2.8	. .	3.4
Industry	24	19.1	. .	-3.9	. .	1.5			2.1	-0.7	. .	0.8
Manufacturing	13.5	6.2	. .	16.1	. .	. .			5.3	0.6	. .	1.3
Services	11.5	7.7	. .	2.7	. .	2.8			1.5	-0.5	. .	3.7
Structure of Production												
GDP (mill US$)	50	1150			220	1100			1060	1660	960	4940
Agriculture	34	4			50	37			14	11	18	11
Industry	19	58			11	14			54	48	35	46
Manufacturing	12	6			5	8			6	20	20	30
Services	47	38			36	39			32	41	47	43
Growth of Gross Dom.	21	-6.9			9	-7.9			-3.6	-7.1	0.9	-4.7
As Percent of GDP												
Gross Dom. Invest.	15	13			14	10			25	15	15	18
Gross Dom. Savings	12	7			0	7			40	13	23	20
	1970	1985	1970	1985	1970	1985						
Dist. of Manufac. Value Added												
Food & Agriculture	. .	52	11	12	51	49			49	44	24	28
Textiles & Clothin	. .	12	26	20	17	13			9	13	16	16
Machiner & Trans.	. .	0	0	0	3	2			5	9	9	10
Chemicals	. .	4	0	0	10	11			10	9	11	9
Others	. .	32	63	68	20	25			27	25	30	36
Balance of Payments & Reserves												
Current account ba	-31	160	19	-9								
Eext. Fin. Require	-37	68	0	-64								
Net direct private	6	90	. .	4								
Gross Int'l Reserves			. .	60								
In million US do	. .	1198	. .	1.8								
months import coverage		15										

Source: World Bank, World Development Report 1988

Table 19a. FDI Inflows to Southern Africa, 1970–79
(In million US dollars)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Developing	2227.7	2727.9	2603.3	4703.4	5314.5	7030.6	4709.3	5850.0	7996.0	11126.50
Africa	362.40	490.00	586.70	632.30	706.30	475.80	640.90	833.40	794.60	1875.70
Botswana	0.00	0.00	0.00	0.00	0.00	-38.20	11.30	12.30	40.80	127.90
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malawi	8.60	9.60	10.10	7.70	22.70	8.60	9.70	5.50	9.10	-1.20
Swaziland	0.00	0.00	0.00	0.00	3.50	14.40	7.40	20.00	21.80	55.40
Zambia	-297.00	0.00	29.30	32.20	38.50	37.60	31.20	17.50	38.80	34.90
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.90	2.50	0.10

Source: Based on IMF, Balance of Payments Tape (printout)

Table 19b. FDI Inflows to Southern Africa, 1980–87
(In million US dollars)

	1980	1981	1982	1983	1984	1985	1986	1987
Developing	11203.5	14764.0	14274.5	10765.4	11385.7	12739.2	13570.8	20187.4
Africa	311.40	1556.60	1409.80	1595.10	1332.50	2350.20	2056.60	1854.70
Botswana	111.50	88.40	21.10	23.80	62.10	53.60	90.50	125.20
Lesotho	4.60	4.80	3.10	4.80	2.40	4.80	2.10	3.10
Malawi	9.50	1.10	0.00	2.60	0.00	0.50	0.00	0.00
Swaziland	26.40	38.80	-9.20	1.30	3.80	11.10	21.50	18.40
Zambia	61.20	-38.90	38.60	25.70	17.40	20.00	20.00	20.00
Zimbabwe	1.60	3.80	-0.70	-2.00	-2.50	2.80	5.20	0.50

Source: Based on IMF, Balance of Payments Tape (printout)

Table 20a. Southern Africa: Reinvested Earnings on FDI, 1970–79
(Million US Dollars)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Developing	-596.50	-657.90	-576.50	-962.90	-1253.30	-1052.70	-1458.50	-1882.30	-2396.10	-2841.40
Africa	-107.90	-144.00	-135.50	-169.40	-202.50	-259.50	-307.60	-297.50	-342.40	-362.70
Botswana	0.00	0.00	0.00	0.00	0.00	50.60	28.40	39.30	28.90	25.60
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malawi	-1.60	-1.90	-5.40	-4.80	4.90	-5.10	-5.50	0.00	0.00	0.00
Swaziland	0.00	0.00	0.00	0.00	-5.30	-11.40	-4.50	-1.90	-3.60	-4.10
Zambia	0.00	0.00	-16.30	-27.40	-36.10	-38.90	-30.00	-17.50	-38.80	-34.90
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Source: Based on IMF, Balance of Payments Tape (printout)

Table 20b. Southern Africa: Reinvested Earnings on FDI, 1980-87
(Million US Dollars)

	1980	1981	1982	1983	1984	1985	1986	1987
Developing	-2969.60	-3256.60	-3157.60	-1701.30	-1422.30	-1940.40	-2510.00	-1442.30
Africa	-464.50	-163.50	-278.70	-263.60	-156.60	-302.80	-705.80	-23.10
Botswana	15.60	80.90	86.80	58.90	13.40	2.50	2.00	0.00
Lesotho	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Malawi	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Swaziland	-3.40	-12.40	-13.50	1.50	-3.50	-7.90	-19.50	-14.70
Zambia	-61.20	38.90	-38.60	-25.70	-17.40	0.00	0.00	0.00
Zimbabwe	0.00	0.00	0.00	6.70	8.30	0.00	0.00	0.00

Source: Based on IMF, Balance of Payments Tape (printout)

Table 21a. Southern Africa: Distributed Earnings on FDI, 1970-79
(In million US Dollars)

	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979
Developing	-6172.00	-6424.00	-3525.40	-9454.20	-11325.70	-9842.60	-11082.70	-15048.70	-16225.10	-16255.10
Africa	-1490.60	-1558.40	-1284.00	-2046.50	-1913.70	-1903.60	-2206.20	-4000.00	-3592.10	-3494.70
Botswana	0.00	0.00	0.00	0.00	0.00	11.70	-11.20	-9.60	-27.00	-44.70
Lesotho	0.00	0.00	0.00	0.00	0.00	-4.40	-4.00	-4.70	-5.30	-5.20
Malawi	-7.90	-8.10	-11.00	-10.00	-10.60	-10.10	-10.90	0.00	-10.60	-4.50
Swaziland	0.00	0.00	0.00	0.00	-34.60	-19.50	-12.50	-15.60	-22.50	-10.20
Zambia	-60.00	-58.20	-33.70	-50.10	-62.50	-55.90	46.20	-17.50	-56.30	-50.80
Zimbabwe	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-49.50	-38.90	-61.80

Source: Based on IMF, Balance of Payments Tape (printout)

Table 21b. Southern Africa: Distributed Earnings on FDI, 1908-87
(In million US Dollars)

	1980	1981	1982	1983	1984	1985	1986	1987
Developing	-23045.10	26359.00	-22211.30	-16666.50	-15323.80	-13292.20	-11265.80	-7251.80
Africa	-5140.60	-4289.00	-3913.50	-3377.60	-2862.00	-2398.10	-2301.50	-542.70
Botswana	-107.50	-19.60	-22.10	-98.10	-167.40	-190.90	-222.80	-347.20
Lesotho	-5.70	-5.20	-6.10	-5.70	-4.60	-4.10	-6.10	0.00
Malawi	-9.20	-8.40	-6.10	-9.70	-15.60	-12.90	0.00	0.00
Swaziland	-27.30	34.90	-26.30	-4.80	-9.80	-11.60	-30.20	-37.00
Zambia	-83.30	23.60	-62.90	-42.80	-29.70	0.00	0.00	0.00
Zimbabwe	-77.80	-114.70	-125.60	-84.60	-4.50	-2.30	-59.50	0.00

Source: Based on IMF, Balance of Payments Tape (printout)

Table 22. Southern Africa: Av. Earnings Distributed and Ratio to FDI Inflows, 1970–87 (In million US dollars)

	1970-79	1980-87	1970-87	1970-79	1980-87	1970-87
Developing Africa	Average Earnings Distributed			Ratio:Earnings Distributed to FDI Inflows		
Botswana	-8.08	-146.95	-86.13	-2.78	-2.04	-2.56
Lesotho	-2.36	-4.69	-3.92	ERR	-1.26	-2.37
Malawi	-8.37	-7.74	-8.95	-0.82	-4.52	-1.39
Swaziland	-11.49	-14.01	-14.17	-1.54	-1.00	-1.37
Zambia	-39.88	-24.39	-35.70	4.99	-1.19	-7.64
Zimbabwe	-15.02	-58.63	-40.91	96.56	-53.91	-103.08

Source: Tables 19, 21

Table 23. Average FDI Inflows to Southern Africa, 1980–87 (In million US dollars)

	Average value			Averarge Relative value		
	1970-79	1980-87	1970-87	1970-79	1980-87	1970-87
All Countries						
Developing	4795.9	13611.3	8713.8	ERR	ERR	ERR
Africa	613.6	1558.4	1033.5	ERR	ERR	ERR
Botswana	2.9	72.0	33.6	ERR	ERR	ERR
Lesotho	0.0	3.7	1.7	ERR	ERR	ERR
Malawi	10.2	1.7	6.4	ERR	ERR	ERR
Swaziland	7.5	14.0	10.4	ERR	ERR	ERR
Zambia	-8.0	20.5	4.7	ERR	ERR	ERR
Zimbabwe	-0.2	1.1	0.4	ERR	ERR	ERR

Source: Tables 19

Table 24. Foreign Direct Enterprises in Lesotho

	Sector	Company Name	Date Formed	Invest. (000 M)	Employme	Home Country	Product	Market
1	Textile	Lesotho Haps	1987	4000.00	800	TAIW	short/shirts	RSA
2		Tempo Shoes	1988	3200.00	100	RSA	shoes	RSA
3		Poltex	1986	2900.00	500	CHN	jeans	USA
4		Lesoth Hinebo	1988	2750.00	600	TAIW/CHN	t-shirts	USA
5		Jeantex	1988	2500.00	450	FRN/ISR	jeans	export
6		Basotho Jeans	1986	2500.00	312	TAIW/LES	jeans	USA
7		Mastung Shoes	1978	2400.00	970	RSA/NLD	shoes	RSA
8		Lesotho Clothing	1981	2300.00	570	RSA/UK/USA	lady-kidwear	RSA/UK/USA
9		CGM	1988	2200.00	150	TAIW	washer	RSA/LES
10		Focus Clothing	1984	1800.00	300	RSA	clothing	RSA
11		Wing On	1988	1650.00	110	HK	sports wear	Europe
12		Tenleader	1986	1270.00	95	CHN	jeans	USA
13		Hao Hua	1989	1230.00	143	HK/CHN	jeans	USA/EEC
14		Masseru Clothing	1985	1200.00	425	SWISS	leisure wear	RSA/USA
15		Lesotho Umbrella	1981	1200.00	280	RSA/FRG	umbrellas	RSA/FRG
16		Lesotho Textiles	1986	1190.00	300	RSA	jeans/undies	RSA/USA
17		Morija Textiles	1988	1100.00	157	RSA/UK	t-shirts	RSA
18		Gallant Clothing	1978	978.00	500	RSA/UK	lady-kidwear	RSA/UK/USA
19		Natural Shoes	1986	904.00	303	RSA	shoes	LES/RSA
20		Shoecomp	1984	797.00	280	ZIMB	shoes	LES
21		Pal Products	1983	797.00	86	ZIMB/LES	leather wear	LES
22		G/B Umbrella	1988	670.00	40	RSA	umbrellas	RSA/EEC
23		Lesotho Knitwear	1984	600.00	204	TAIW	t-shirts	LES/RSA
24		Bright Garments	1987	570.00	450	HK	clothing	RSA
25		Bana Clothing		480.00	124	RSA		
26		Lintex	1983	450.00	45	ZIMB	linen	RSA
27		Galberk	1987	400.00	143	RSA	jeans	RSA
28		Fly Tiers	1988	300.00	60	RSA	fishing bait	Europe
29		Z-Cessories	1988	230.00	110	RSA	golf bags	RSA
30		Stephanie B.	1988	220.00	140	RSA/USA	denim wear	USA
30		Sub-total		42786.00	8747			
56.60		Precent		66.73	78.29			
31	Enginr'n	Lesotho Reinforc	1987	1400.00	75	RSA	struc. steel	LES
32		Reinforc. & Desi	1987	650.00	30	RSA/ITL	struc. steel	LES
33		Lesotho Wire	1987	90.00	23	USA	nails/mesh	LES
34		Frasers Manufact	1969	450.00	56	RSA/LES	furniture	LES
35		Kiota Electronic	1989	1100.00	200	PORT	mini-tv	RSA/Eur
36		Lites	1977	320.00	56	RSA/LES	Lighting	RSA/LES
37		Sekol	1983	4170.00	76	RSA/LES	furniture	LES
38		Shelter Develop.	1988	1700.00	150	RSA	roof trusses	LES
8		Sub-total		9880.00	666.00			
15.09		Precent		15.41	5.96			
39	Agro-ind.	M/M Brewery	1982	1800.00	239	LES/UK/NLD	beverages	LES
40	Pharma-	Lesotho Mill. Co	1969	1200.00	269	RSA/LES	wheat milling	LES
41	ceuticals	Gatti Icecream	1981	650.00	100	RSA	ice cream	LES
42	Chemicals	Astoria Bakery	1983	472.00	100	FRG/LES	bakery	LES
43		Kolonyama Candle	1968	430.00	34	RSA	candles	LES
44		Partehnon Paints	1975	350.00	5	RSA/LES	paints	LES
45		Lesotho Bakery	1988	459.00	98	RSA/LES	bakery	LES
7		Sub-total		5361.00	845.00			
13.21		Percent		8.36	7.56			
46	Services	Cashbuild	1982	1700.00	46	RSA/LES	bldg. matl.	LES
47		Metro	1979	760.00	269	RSA/LES	groceries	
48		O.K.Bazars	1981	1200.00	81	RSA	groceries	RSA/LES
49		Pioneer Motors	1971	280.00	55	RSA/JAP/LES	car dealer	LES
50		Clifford Trading	1975	1100.00	42	RSA/LES	hardware	LES
51		M/M Company		485.00	32	RSA/LES		
52		Maseru Sun Caban	1984	320.00	163	RSA/LES	hotel/casino	LES
53		Maluti. Marketing		250.00	226	RSA/LES	groceries	LES
8.00		Sub-total		6095.00	914.00			
15.09		Percent		9.51	8.18			
53		Total		64122.00	11172.00			
100.00		Percent		100.00	100.00			

Source: Lesotho National Development Corporation, 1989